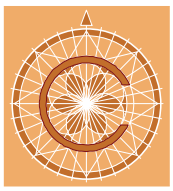

CHEMONICS INTERNATIONAL INC.

CHEMONICS' COMPETITIVENESS INTERVENTIONS: REVIEW OF WORLDWIDE EXPERIENCES

A Task Order Report Under the General Business, Trade and Investment IQC of the Support for Economic Growth and Institutional Reform (GBTI/SEGIR) Activity

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Section A – Introduction

A. Background

The quest for economic growth among the world's poorest countries has proven elusive, as recently chronicled by William Easterly.[1] He finds that many of the World Bank's lending efforts have crafted development interventions that distort and short-circuit the behavior that would otherwise improve economic well being. Not surprisingly, he posits knowledge as more important than capital, particularly donor-sponsored credit schemes, and calls on the Bank to encourage competition among its clients in less developed countries, according to their performance in getting the incentives right. Easterly's book is timely because of the growing sense of frustration by donors and their member countries over the slow pace of development, and deteriorating conditions in many of the poorest countries. His assessment arrives after a decade of debate about a renewed appreciation of the nature and role of competitiveness in the economic growth of nations.

Since the mid-1980's, the private sector has played the premier role in USAID's development strategy. Since the mid-1990's, 'competitiveness' has emerged as the prime candidate to rationalize and reinvigorate USAID's own quest for improved performance of its economic growth portfolio. After funding competitiveness activities in over 10 countries, USAID is taking stock of the competitiveness approach through a series of task orders that have been issued through the General Business, Trade and Investment indefinite quantity contracts (IQC) of the Support for Economic Growth and Institutional Reform (GBTI/SEGIR) activity. Chemonics International has been issued a task order under its GBTI IQC to assess its worldwide competitiveness experiences in all of its relevant work, regardless of the funding source.

B. Purpose and Objectives of This Report

The purpose of this report is to present a self-assessment of Chemonics' experiences to date in applying competitiveness principles in its worldwide development assistance consultancies. The report is intended to highlight the development projects that represent intensive applications of Chemonics' competitiveness interventions and identify lessons learned that can improve the effectiveness of development assistance in accelerating economic growth in USAID's client countries.

C. Organization of the Report

The report is organized around the requirements of the Task Order's Scope of Work. Section B summarizes the history of Chemonics' competitiveness services, including the guiding principles that have been effective in exploiting less developed countries' growth potential. Section C highlights the types of competitiveness interventions that have typically been applied in Chemonics' economic development projects. Section D demonstrates the results of these interventions through a set of projects in which Chemonics has applied significant resources to

[1] William Easterly. *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*. Cambridge, Massachusetts: MIT Press, 2001.

the competitiveness process. Finally, Section E summarizes the main constraints to competitiveness interventions that have arisen in Chemonics' practice. Three annexes offer data on key Chemonics competitiveness projects, illustrate known competitiveness interventions by website links, and include a competitiveness e-library of an illustrative competitiveness work from a recent Chemonics project.

Section B – History of Chemonics' Competitiveness Services

A. Evolution of Chemonics' Business

Chemonics International was founded in 1975 to provide consulting services to promote sustainable development for less-developed countries. By using 1990 as a vantage point and reviewing trends over the last 5 years, the composition of Chemonics' business portfolio is seen to have changed, much as the focus of its main client, USAID, has changed.

From 1975 through 1989, all of Chemonics' completed projects were in the general field of agriculture and rural development. The major subsets of this work were: forestry, agribusiness/agri-industry, rural infrastructure, traditional natural resource management (NRM), and management information systems. About one-half of the work was concentrated in the areas of: policy, analysis, statistics, and planning; training and education; traditional NRM; and technology transfer. While all of the projects used the public sector as the vehicle of implementation, about 40 percent of these projects had private sector components. None of the completed projects included significant activities in privatization, export promotion, or small and medium enterprise development.

In 1990, the company's active portfolio was still concentrated in the field of agriculture and rural development, but with a substantial decrease in traditional natural resource management, and a substantial increase in analysis, planning and institutional development. New work was undertaken in decentralization and export promotion, while research and forestry projects had fallen from the portfolio. About five percent of the portfolio was classified as fully "private sector" and about one-half of all projects had private sector components.

Since 1995, the active portfolio has continued to shift toward private sector approaches to development. While agriculture represents the company's origins and continues to be a mainstay of the portfolio, its share of contracts has declined, mainly as the share of donor funding in this area declined. However, the shift from assistance in production and research toward emphasis on value-added processing and marketing and a nimble market-based cross-border trade reflects the new focus on the private sector role in agricultural development. Meanwhile, Chemonics has evolved from a niche player in private sector development to a major technical assistance provider in privatization, enterprise restructuring, investment, marketing, and business development and support. Environment and natural resources have been an important part of the portfolio for the last two decades, and continue to be covered in activities dealing with environmental policy and community-based management of forests, parks, wildlife, fisheries, and water resources. Urban and infrastructure services have expanded in the areas of urban planning, infrastructure development, public utility management, public-private partnerships, pollution prevention, and clean technologies. About 45 percent of the projects are in the practice areas of: agriculture and agribusiness; banking and finance; and economic growth. About 40 percent of the contracts are in the environment and infrastructure and NRM practice areas. Well over half of the work is classified as fully "private sector".

B. The Guiding Principles of Chemonics' Competitiveness Approach

As a contractor, Chemonics' portfolio has been largely driven by its clients' needs and the changes in their development strategies over time. The evolution in thinking about the role of competitiveness since the early 1980's, and particularly the work of Michael Porter[2], has been reflected in Chemonics approach to development. But, while Chemonics' clients have increasingly appreciated the importance of the private sector in promoting sustained economic growth, the design of projects has often reflected strategic considerations that prevented a standard application of the Porter competitiveness paradigm. Regardless of how the projects have been predetermined by the client, and certainly in all cases where Chemonics has been able to influence the design, the competitiveness of firms, industries and countries has been the guidepost of Chemonics' approach to development. This had meant defining competitiveness in practical terms, identifying and upholding a set of key competitiveness principles, and identifying and following a paradigm for the role of competitiveness in national development policy.

B.1. Defining "Competitiveness"

The writings of Adam Smith[3] on market-based incentives to development, and David Ricardo[4] on opportunity costs and comparative advantage, have framed competitiveness as the heart of the capitalist approach to improved economic well-being. Unfortunately, the unwieldy mechanics of the comparative advantage model and market distortions arising from unwise government economic policies have blurred the concept of competition, even in the eyes of many economists. It was this confusion that prompted Porter to recast the meaning and practice of competitiveness in view of modern business experience around the world.

From its first work in development assistance, Chemonics has taken a straightforward approach to competitiveness. To be fully "competitive," firms, industries and countries have to be able to sell their goods and services repeatedly over time, without depending on special tax incentives, subsidies, or trade protections, and they have to operate in domestic markets that are free from policy barriers to enter and exit the relevant business. This approach to competitiveness fosters business innovation and flexibility in responding to inevitable changes in domestic and international market conditions, and guides Chemonics work, regardless of the client, field of work, or the ultimate beneficiaries.

B.2. Competitiveness Guides

Seven key principles have guided Chemonics' approach to competitiveness, even in its early implementation of projects based in the public sector. These principles can be summarized as follows:

1) <u>Market-based incentives</u>. Foremost in any effort to improve competitiveness is the need to structure interventions such that the incentives to the project beneficiaries are market-based. This seems self-evident, but donors, and particularly host governments, can succumb to

[2] Michael Porter, *The Competitive Advantage of Nations*. New York: The Free Press, 1990.
[3] Adam Smith, *An Inquiry in the Nature and Causes of the Wealth of Nations*. New York: Random House, 1994.
[4] David Ricardo, *On the Principles of Political Economy and Taxation*. Amherst, New York: Promethus Books, 1996.

the lure of market-distorting incentives that may be popular with the beneficiaries, but reinforce attitudes and behavior that weaken their capacity to respond to market forces beyond their control. Project initiatives that require or encourage special tax holidays, subsidies or market protection effectively short-circuit the competitive process and weaken the beneficiaries' ability to look outward to new market opportunities. Instead, competitiveness initiatives have to build the beneficiaries' confidence in their ability to build sustainable businesses and industries by having them share the risks and costs of the interventions.

2) Cost containment. Regardless of the phase of the product life cycle, firms, industries and countries have to contain costs if they are to be successful in attracting and retaining new customers. The prevailing price in target markets has to be backed off to the relevant nation, industry and firm to yield the maximum sustainable unit costs that will attract customers. In the early phase, when a product is first introduced, or not yet promoted in new markets, competitive advantage mainly derives from technology gaps. New technologies improve the efficiency of the existing resource base and allow more output per unit of input, or lower costs per unit of output.

In the middle phase of the product life cycle, after the innovating producer has attracted some imitators, product differentiation, sometimes accompanied by increasing returns, becomes the principle source of competitive advantage. The differentiated product commands a price premium, but the producer still has to contain costs to avoid losing the customer to the differentiated product of a competitor. At this stage, marketing expertise becomes the engine to defend or expand market share by casting the product as a necessity to targeted markets.

In the late phase of the product life cycle, products that have become more like commodities are not responsive to product differentiation techniques. Cost containment is still required if the producer is to retain a sustainable share of this market.

3) Market clustering. Production and marketing services have to be agglomerated or clustered, and if not geographically, at least by communication and transportation modes that allow economies of scale and size along the market channel or value chain in sourcing inputs, producing goods and services, and processing and distributing the raw product to the final consumer. Clustering of producers, input suppliers, processors and distributors defines the cost differences between market levels along the market channels. To minimize the cost differences within the market channel and meet or underbid the prevailing prices in target markets, clustering is needed to speed the flow of information, speed the adoption of new technologies, and reduce transactions costs. This means that competitiveness interventions that do not include the full national market channel or value chain will not capture the full benefits of the competitive process. For example a small and medium-sized enterprise development project that only deals with producer firms (as has been the case with many donor-funded SME projects in the past) may improve the capabilities of individual firms, but they will remain islands, disconnected from the remaining elements of their industrial cluster that are essential for national improvement in competitiveness.

4) Transparent and participatory process. The process of building competitiveness has to be open and participatory among all beneficiaries. Government economic development agencies have a role in facilitating and enabling the competitive process in open markets, but they have to serve the market-based interests of the private sector. Firms, industry

trade associations, and local, regional and national government leaders and economic development agencies have to approach the competitiveness process from the standpoint of policies and practices than can be sustained for the long term. The private sector interests have to take the lead in setting the competitiveness agenda because they have the best perspective for identifying market incentives and acting to exploit them. All of the participants have to own the process for any competitiveness-building intervention to be effective. This means the process has to be transparent, so that the participants can appreciate the benefits of merit-based rewards of cooperation and trust. Within this framework, donors, host governments and consultants can provide new knowledge and map the attitudes and practices that are necessary for a nation to benefit from increased competitiveness. However, members of the national market channel have to recognize market-based incentives if they are to adopt the attitudes and implement the practices that lead to new and expanded markets.

5) 'KAP' approach to change. Changing national, industry, and firm-level competitiveness practices requires changes in attitudes, which have to be reinforced with new knowledge. The 'knowledge-attitude-practice' (KAP) process promotes the competitiveness process by introducing required new knowledge, reinforcing the attitudes necessary to utilize the knowledge, and then putting the competitiveness process into practice. For most developing countries, the competitiveness process is a business innovation. The rate of adoption of an innovation is mainly due to five factors that have been identified mainly over the past 60 years:[6]

a) perceived attributes of the innovation (its relative advantage, compatibility, complexity, trialability, and observability);
b) type of innovation-decision (whether the decision is optional, collective, or by authority);
c) communication channels (whether the innovation is introduced by mass media or interpersonal means);
d) nature of the social system (its norms and degree of interconnectedness); and
e) extent of change agents' promotion efforts (the extent to which change agents seek opinion leaders' approval and adoption of the innovation).

To build competitiveness, Chemonics applies these innovation adoption factors in a straightforward process that builds knowledge, strengthens attitudes, and demonstrates best practices by:

a) conducting feasibility analyses, pilot enterprise demonstrations and study trips throughout the market channel to get first-hand knowledge of what incentives are needed to start or expand a market, and how to capture the incentives;
b) holding meetings with wide representation across the market channel/cluster to allow participants voice and consensus on how the competitiveness process will be implemented;

[6] Everett M. Rogers. *Diffusion of Innovations*. Fourth Edition. New York, NY: The Free Press, 1995. See Chapter 6, "Attributes of Innovations and Their Rate of Adoption."

c) ensuring that the competitiveness process is communicated quickly and fully throughout the market channel, and through local, regional and national media;
d) understanding the norms of the social systems throughout the market channel to ensure compliance with social practices and responses to change; and
e) identifying community and business leaders throughout the market channel who serve as early adopters and change agents or champions for the competitiveness process.

6) <u>Policy reform prerequisites</u>. Building competitiveness in developing countries requires a policy environment that enables firms and industries to fully exploit their resource and technology bases in both domestic and international markets. In fact, a recent study by the World Bank showed that "countries with heavier regulation of entry have higher corruption and larger unofficial economies, but not better quality of public or private goods."[7] Firms and industries often do not have the political clout to improve macroeconomic policy conditions until basic microeconomic policy constraints are reduced. Trade barriers and administrative barriers to investment are two of the most fundamental constraints on the competitive process. Industries that are heavily protected by tariff and non-tariff barriers have little incentive to become more competitive. Reducing or removing these barriers allows the market channel to register more realistic price signals at the international level, which in turn, reflect the prices that must be matched (or costs that much be reduced) if products are to attract new buyers, domestically and abroad. One of the most common trade barriers for producers is high import duties on critical inputs and technologies that would allow improved productivity of other domestic resources. Firms wishing to export often find they are uncompetitive because they cannot import inputs and technologies that would lead to sharp reductions in unit costs. Provision of transportation and communication services is another critical policy reform prerequisite, since inadequate transport and communications infrastructure results in significantly higher transactions costs for firms and clusters. Similar to trade barriers, administrative barriers to entry can severely limit private sector development and competitiveness. Such barriers include excessive bureaucratic regulations, less than transparent regulations, and a lack of basic information about the investment process. Administrative barriers can be seen in areas not typically associated with investment such as labor, immigration, customs, statistics, public health and safety, environment, etc. These barriers affect clusters by retarding the investment and growth of certain industries which are integral to the value chain and by costing time and money to the business.

Increasingly, governments are coping with public finance limitations of transport and communications infrastructure by entering into public-private partnerships to provide these services through build-operate-transfer (BOT) and build-operate-own (BOO) programs operated by private sector investors and operators. As industries develop compositeness, their ability to fully exploit international markets is often constrained by inappropriate macroeconomic policies. It is often at this stage that the industries have developed enough political clout to influence macroeconomic reforms that keep inflation and budget deficits low, align the local currency with international capital markets, and allow resource and commodity mobility. Chemonics supports policy reforms by assisting clusters to identify policy constraints through methods such as investor roadmaping, describe the nature and magnitude of the costs of the constraints in terms of lost competitiveness, formulate reform programs, and develop advocacy campaigns to seek government adoption and

[7] *"The Regulation of Entry"* Djankov, Simeon; La Porte, Rafael; Lopez-de-Silanes; Shleifer, Andrei. NBER Working Paper No. 7892. 9-2000.

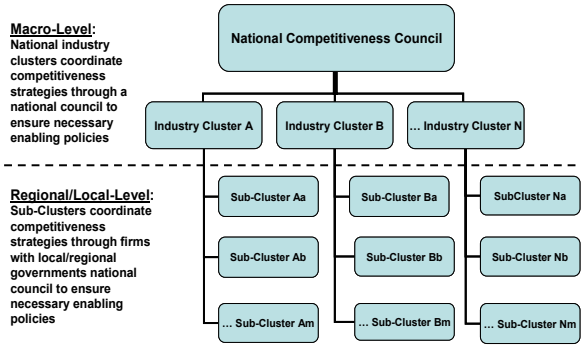
implementation of the reforms. The KAP approach is a central feature of the policy reform process.

7) <u>Time required for change</u>. Finally, there is an immutable time or gestation requirement for the competitiveness process to realize full development potential. Contractors rarely have the opportunity to introduce interventions and nurture them from the establishment of clusters, through the development of competitiveness strategies and identification of policy constraints, to the implementation of pilot technology and market development activities and policy reforms, and finally to the realization of sustained expansion of markets. This process follows the S-shaped adoption curve over time, where early adopters initially spark adoptions at an increasing rate, followed by slower adoption rates by more cautious beneficiaries. The time required for at least one-half of the target beneficiaries to adopt an innovation is usually at least 5 years, and thus exceeds the life of typical USAID projects and mission strategies. Because of the long time horizon for the competitiveness process, Chemonics places a high priority on establishing momentum early in any intervention, to achieve a successful technology transfer and/or market development for all beneficiaries to observe and evaluate as soon as possible. Successive applications of momentum-building initiatives over the life of a project (LOP) are used to establish a trajectory and momentum that will continue beyond the LOP and become institutionalized by the beneficiaries.

B.3. A National Competitiveness Paradigm

Chemonics applies the competitiveness guides or principles described above in a national paradigm that recognizes the special, institutional, and environmental dimensions of the economic transformation an industry and its clusters must undergo. Firms and industries are better able to exploit their potential competitive advantages when a national competitiveness council is established to coordinate the strategies of industries at the national level (Exhibit 1). From its national vantage point, the council is positioned to monitor economic, social and environmental issues that arise within clusters and may have implications beyond industrial and geographic boundaries. The council should be directed by private sector leaders, with membership from the concerned industries and trade associations and key national economic policy and trade development agencies. An important lesson learned from sectorial development projects is that government agencies cannot effectively lead these councils. Even with the best of intentions, government-led councils become pawns for political interference and cronyism. Moreover, government agencies are not equipped to perceive the market-based signals that firms must address to fully exploit their competitive potential, nor do they have the profit-motivated incentives to share the risks that businesses must undertake to be successful.

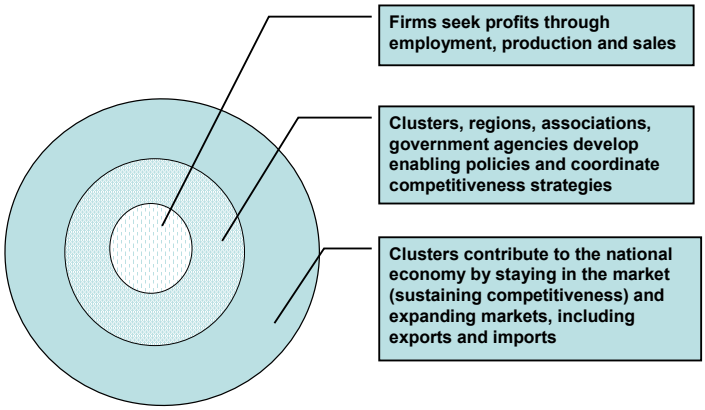
Exhibit 1. National Competitiveness Organization



Sub-clusters within each industry are established at the regional and local levels to address the competitiveness opportunities along the market channel or value chain (between input suppliers and final domestic retailers or exporters) and coordinate enabling policies with the relevant governments. Again, the sub-clusters require representation from both relevant firms at the relevant market level, and regional and local government agencies responsible for enabling policies. And, as in the case of the national council, leadership of the sub-clusters must be provided by private sector leaders, not government agencies.

Alternatively, the competitiveness process can be viewed as a series of concentric circles of interdependence between firms at the local, regional and national levels (Exhibit 2). In the center-most circle, the firm drives the competitiveness process through its quest for profits by employing the necessary mix of labor and capital to expand production and sales. The next circle describes the base of clustered firms along the market channel throughout the regions, and the corresponding government enabling agencies and policies and trade associations that lay the foundations for the domestic market and support individual firms by easing access to decision information and reducing transactions costs. Finally, the outer circle describes the interface between the domestic market and the globalization process, where contributions to the national market are realized by staying in the market (repeat sales over the long term) and enhanced by a base of export and import linkages.

Exhibit 2. Levels of Competitiveness Interdependence



This approach favors a national scope for any competitiveness project, to fully exploit the resources employed within any given industry, through a unified strategy of market development initiatives and policy reforms. In contrast to this approach, donor projects too often fail to target the national scope of the market channel, and therefore leave significant areas of market development and policy reform unaddressed. These overlooked areas hinder the competitive potential of whichever subset of the market channel or cluster that is given technical assistance.

C. Key Competitiveness Projects

While most of Chemonics' development assistance has advanced the competitiveness process in some fashion, most of its projects have not followed the Porter paradigm. The most important examples of Chemonics' competitiveness experience can be described through the following projects:

Central America Non-Traditional Agricultural Export Support and Export Industry Technology Support
Dominican Republic Critical Assistance for Economic Reform and Policies to Improve Competitiveness
Egypt Export Enterprise Development
Jordan Access to Microfinance and Improved Implementation of Policy Reform
Mali Sustainable Economic Growth
Morocco New Enterprise Development
Nepal Market Access for Rural Development
Nigeria Agribusiness Development Assistance
Peru Microenterprise Support and Poverty Reduction
Philippines Agribusiness Systems Assistance Program
Senegal DynaEntreprises Senegalaises
Uganda Investment in Developing Export Agriculture

All of these projects were either completed within the last decade, or are still in implementation, and have enough scope and intensity to demonstrate significant elements of Chemonics's competitiveness approach. All of the projects were funded by USAID, and most deal with agricultural enterprise development.

Section C – Descriptions of Competitiveness Interventions

While most of Chemonics' competitiveness interventions have not been structured according to the three phases of either the Competitiveness Initiative, or the Porter approach, that sequence has usually been followed as a matter of practical precedence of critical implementation tasks.

A. Phase 1 – Establishing the Competitiveness Strategy (First 6-12 Months)

During this phase, Chemonics' projects have laid the foundations for the competitiveness strategy by:

- Conducting sector assessments of national competitiveness opportunities
- Forming clusters in those industries/product groups with high competitiveness potential
- Conducting analytical studies on the technologies, costs of production and marketing, policy constraints, and trade association capacity-building needs along the respective value chains
- Designing and implementing a competitiveness strategy for each cluster
- Designing and implementing a policy reform advocacy campaign for each cluster
- Designing and implementing a market information program, including trading data in relevant markets, production and marketing technologies, and regulatory information on domestic and export requirements for trading
- Identifying the technology and marketing innovation packages that will be demonstrated in phase 2
- Identifying the training needs that will be addressed in phase 2 to establish the required knowledge and attitude base
- Establishing an M&E plan for measuring competitiveness over the remaining life of the project, with a provision for the relevant trade associations to institutionalize the plan during the project and assume responsibility for sustaining it after the project ends

B. Phase 2 – Demonstrating Competitiveness Interventions (Years 2-5)

During this phase, the projects have typically implemented pilot demonstrations of the major competitiveness interventions that will allow clusters to expand their markets on a sustained basis. These interventions typically include:

- Workshops on appropriate technologies for producers, processors and distributors
- Study tours to other, more progressive regions within the country, and to target export countries to gain first-hand market information from the relevant levels in the value chain
- Workshops on the development and maintenance of market information databases
- Pilot demonstrations of appropriate production technologies, such as new plant varieties, new manufacturing techniques, all implemented on the sites of cooperating businesses, so that other, less advanced businesses can see the results as achieved by more progressive businesses
- Pilot demonstrations of appropriate marketing technologies (processing, distribution, brokerage, advertising, etc.), again implemented on the sites of cooperating businesses, so

that other, less advanced businesses can see the results as achieved by more progressive businesses
- Continued implementation of market information database development
- Workshops on market development, including business planning, marketing strategies, and basic business feasibility studies
- Workshops on policy reform and policy advocacy campaigning
- Ongoing implementation of policy reform programs, including advocacy campaigns
- Continued implementation of the M&E plan
- Ongoing preparation, publication, and dissemination of market development information for each level of the relevant value chain, on technologies, market trends, and marketing regulations
- Ongoing preparation, publication, and dissemination of policy reform and advocacy information

Late in the second phase, while the contractor is still implementing technical assistance, the focus is shifted to transitioning the market development and policy reform operations to cooperating trade associations for continuation as ongoing services to their members. This activity is a critical step in assuring sustainability of the competitiveness process after the technical assistance project is ended.

C. Phase 3 – Realizing Competitiveness Results (Years 6-10)

During phase 3 of most Chemonics projects, no donor funded technical assistance is provided. If the transitioning at the end of the competitiveness project is effective, cooperating trade associations will continue monitoring the results observed under the M&E plan, evaluating the results, and identifying lessons learned for the donor, cooperating trade associations and cooperating host government trade development agencies.

Unfortunately, most of the long-term results of USAID-funded competitiveness activities are realized well after the projects have been completed, when there is no facility for the Agency to track both the results and lessons learned about the effectiveness of the intervention design and implementation. As noted in Section D below (Sub-section B.2. A Proposed Competitiveness Monitoring and Evaluation Plan), since USAID has invested hundreds of millions of dollars in major competitiveness efforts over the past 15 years, it would vastly improve its understanding of the appropriateness of such an important element of its economic growth initiatives by conducting follow-up evaluations of major competitiveness activities that were completed with the last 3 to 8 years.

Section D – Results of Interventions

A. Country Results

A.1. Central America Non-Traditional Agricultural Export Support and Export Industry Technology Support

Project Names:	First Project: Non-Traditional Agricultural Export Support (PROEXAG) Follow-on Project: Export Industry Technology Support (EXITOS)
Countries:	Guatemala, Honduras, Costa Rica, El Salvador, Panama, Belize, and Nicaragua
Donor:	USAID/Regional Office for Central America and Panama (ROCAP)
Contract Size:	First Project: $8,180,504 Follow-on Project: $7,049,991
Contract Duration:	First Project: October 1986 – September 1991 Follow-on Project: October 1991 – January 1995

The goal of the Nontraditional Agricultural Export Support (NTAES) project, more commonly known as PROEXAG, was to contribute to long-term economic growth through the expansion of nontraditional agricultural exports from Central America (C.A.) and Panama. The project arose from the failure of previous economic policies based on regional integration and import substitution. Further impetus for the project was provided by new U.S. policies and legislation that aimed to promote export-let growth in C.A. countries and elsewhere, and major shifts in supply and demand patterns for horticultural products in markets potentially accessible to C.A. producers. Finally, USAID/ROCAP recognized that nontraditional, primarily horticultural, crops offered far more potential for value-added growth, relative to the poverty-level wages that prevailed in traditional crops, including coffee, sugar, basic food grains, and livestock and meat products.

The PROEXAG implementation strategy focused on first prioritizing crops, then prioritizing the markets with the highest potential for the selected crops, and finally developing the priority production and marketing technology and institutional development packages that were necessary to support the selected crops and markets. The PROEXAG team consulted with producers and traders throughout the region to assess the market development potential of about 40 crops according to the following criteria:

- Ease of product entry in target markets
- Whether the crop was already grown in the region, and in what volumes
- Whether the crop could be grown in the region, and under what conditions
- Whether C.A. as a whole, or specific sites within it, could produce that crop with competitive quality and at a competitive price
- Whether one or more comparative and competitive advantages could be identified as the basis for a business
- How complex was the required production, post-harvest or processing technology

- How capital, labor, or management-intensive the crop was
- Whether appropriate transport service existed to get the product to market
- How favorable the trends in consumption, supply and price appeared to be in target markets
- Whether potential growers or exporters had already expressed interest in that crop or not
- Whether the crop had already been identified as a priority by at least two of the project's counterpart organizations
- Could the project deliver the technical assistance needed to make a crop a commercial success

This exercise resulted in a mix of crops, crop groups and product forms that initially included:

- Fresh products (cantaloupes, honeydew melons, cucumbers, watermelon, raspberries, blackberries and blueberries)
- Fresh and processed products (mangos, pineapple, plantains, specialty vegetables)
- Fresh specialty bananas
- Processed tropical exotic fruits
- Cut traditional and tropical flowers

Over time, this list was modified as follows:

- Cucumbers were largely dropped as not cost competitive
- Watermelon was change to only seedless watermelon because of high transport costs relative to sale price
- Blueberries were dropped when declared by APHIS to be medfly susceptible
- Pineapple was dropped due to cost disadvantages versus the multinational producers
- Broad groups such as cut flowers were narrowed to specific crops such as roses, heliconias and colores callas
- Targets of opportunity were added, such as frozen edoname (handpicked green soybeans)

The process of crop and product prioritization process ensured that solid market feasibility analysis would prevail over the "pick the winner" methods that had been promoted by governments and donors. "Competition" was defined as selling a product downstream from the farm to a customer at a price that covered long-run costs of production and marketing. This definition implies sustainability, without the benefit of market-distorting protective tariffs, producer subsidies or protective non-tariff barriers.

Markets were evaluated according to the potential competitiveness of the priority products and targeted in the following order of priority:

- The United States was highest market priority due to C.A.'s proximity, existing import demand, availability of appropriate marketing infrastructure, particularly refrigerated transport service, and U.S. support for export development throughout C.A..
- Canada was deemed the next highest market priority due to its proximity to the U.S. market (this market was later downplayed after it was determined that C.A. products

were already reaching Canada via trucks overland from U.S. ports of entry, weak direct air transport feasibility, and relatively limited market volume and purchasing power).
- The third market priority was Europe, especially England, but also Germany and France (the main impediments to further penetration of this market proved to be availability and cost of reliable refrigerated air cargo service and the long sea transit times).
- Japan was the fourth priority market due to its high import demand for Asian tropical produce.

To support the above product and market priorities, the PROEXAG team developed priority technology and institutional development packages in production, post harvest processing, transport services, marketing services, and industry development.

The Export Industry Technology Support Project (EXITOS) began immediately following PROEXAG with the primary objective of increasing the value and volume of exports of fresh fruits, vegetables and flowers from C.A. While EXITOS continued to implement the broad PROEXAG strategy, increased emphasis was placed on "deal making" assistance to develop a critical mass of packers and brokers who could exploit the competitiveness achieved under PROEXAG and extend it beyond the life of EXITOS. The market information system that was created under PROEXAG was further strengthened and institutionalized under EXITOS.

Key Results:

The projects' key successes can be summarized as follows:

- New country – crop combinations were established in every C.A. country, thereby diversifying the economy and providing increased job opportunities, better stability, more foreign exchange, and tangentially, greater political stability.
- The projects introduced the production of products counter-seasonally to production in the U.S., thereby complementing the supply of fresh produce and making more items available year around to the U.S. consumer.
- While not a specific objective of either project, a conservative calculation estimated that each one dollar of U.S. taxpayer money spent on the projects as foreign assistance had a return of $8.82 to the economies of C.A. and $13.08 to the U.S. economy.
- Over 10,000 farms received some sort of assistance from the projects. Over 8,000 of those farms were of one hectare or less in size.
- Farms and businesses in C.A. receiving project assistance employed over 80,000 individuals. A preponderance of those jobs were in rural areas. A majority of the jobs went to women.
- Over 5,300 permanent jobs were created in the U.S. by the economic activity attributable to the projects. No U.S. jobs were lost to C.A. due to the project activity (primarily because of counter-seasonality production strategy).
- Numerous NTAE growers and companies continue to expand and extend the project impacts after project closeout.
- The projects left information system support products installed and functioning throughout the Region, including copies of their library on CD-ROM, the library management system MicroDIS, and the Commodity Price Database.

These successes were achieved through an implementation strategy that produced and disseminated five technical assistance packages that were found to be critical factors in improving the competitiveness of NTAE's. The main achievements within those TA packages are summarized below.

Production of priority crops was increased with technology packages that improved crop varietal selection, expanded appropriate usage of agrochemical and biological inputs, improved virus control, and improved growing cycle coordination (to better match seasonal demand windows). One of the most important production successes was the introduction of improved cultivars across the crop priorities and throughout the areas with high yield potential by establishing an on-farm varietal trial program. While these enterprises required increased usage of agrochemicals, the project teams vastly improved safety and environmental protection by disseminating EPA and FDA regulations and procedures through packers and grower associations. Compliance with these regulations was achieved when the growers and packers realized that their exports to the U.S. would have to pass APHIS inspection.

Post harvest processing was improved by bringing most export produce under appropriate agrochemical usage, transferring recommended post-harvest handling practices to packers and brokers, introducing modern packing and packaging technologies, improving product transit and shelf life, improving dissemination of regulatory information, and improved monitoring, furtherance and dissemination of fruit fly control technologies. One of the projects' enduring achievements was the production and dissemination of manuals and training materials on post harvest handling practices and phyto-sanitary regulations (primarily in the U.S.). This information proved to be so valuable that it became an incentive for packers and their trade associations to keep the materials updated and disseminated throughout the industry. The project's introduction of modified atmosphere (TECTROL) packing and shipping technology extended the transit/shelf life of Guatemala strawberries to 27 days and allowed their maritime shipment for the first time. Similarly, the project introduced a modified atmosphere packing and shipping technology (BANAVAC) that allowed Honduran cantaloupes to arrive in good condition in Europe after a 16 to 18-day voyage.

Transport services were improved by increasing freight capacity from the region to the US, diversifying entry and exit ports for C.A. produce, achieving routine Mexican overland transport to the U.S., and improving transport and storage infrastructure and services within and from the C.A. region. This improvement was a direct result of demand-driven, more steady supply of producee, which in turn, stimulated demand for improved freight services. During PROEXAG, improved coordination of planting, harvesting, and shipping patterns between growers, packers and shippers allowed the region-wide Transport Users' Committee to obtain a roll-back of an announced 10 percent rate hike when shippers were able to allocate containers more closely with seasonal melon shipping requirements and rising volumes. The project helped a Guatemala trucking entrepreneur start the first overland transport service through Mexico. This service then expanded to transport NTAE's from Guatemala, El Salvador, Honduras and Nicaragua to the U.S. Southwest, Mexico City and Cancun, and served as the catalyst expanded shipments of other products under NAFTA.

Marketing services were improved by increasing marketing sophistication among shippers, expanding grower, packer and broker access to timely market information, diversifying and upgrading produce receiver/brokerage businesses, increasing the geographic diversification

of markets, identifying and pursuing niche and specialty markets, and increasing value-added product forms. One of the projects' most important achievements was the development and sustained maintenance of the Commodity Price Database to create an historical record of prices from some 20 different commodities in key U.S. markets. This development was the foundation of a new region-wide transparency in NTAE pricing, which became the catalyst for improved production and shipping coordination to target seasonal shortages in priority markets. The project increasingly focused on "deal facilitation and support" for more than 30 key packing and brokerage firms.

Managerial capacity of the NTAE industry was increased by improving access to and management of market and technical information, timely access to and improved management of market information (primarily on prices, volumes, customs valuation, and dissemination), improving understanding of and access to target markets, and improving capacity to export successfully and profitably over time. The projects fostered the industry's adoption of market and technical information technologies by promoting the adoption and upgrading of user-friendly microcomputer systems, and then training their managers to create and maintain relevant market information databases. At the beginning of PROEXAG, the counterpart organizations operated a total of 23 computer systems. By the end of the project, managers throughout these organizations were operating 156 computer systems with project databases and software programs such as COMPEX and Cost of Production Template to determine what to promote or grow by defining what their landed cost would been required to be cost-competitive over the prior three years, given selected combinations of crop, product form, source area, transport route, transport mode, port of entry and terms of sale. Training trips organized for NTAE businessmen were one of the most remarkable successes from the standpoint of exports and business which could trace their germ to the contacts made on these trips.

A.2. Dominican Republic Critical Assistance for Economic Reform and Policies to Improve Competitiveness

Project Name:	Phase one: Critical Assistance for Economic Reform Phase two: Policies to Improve Competitiveness in the Dominican Republic
Country:	Dominican Republic
Donor:	USAID/Dominican Republic
Contract Size:	Phase one: $1,447,180 Phase two: $1,370,235 (base plus option period)
Contract Duration:	Phase one: September 1998 – December 2001 Phase two: June 2001 – June 2003 (base plus option period)

The Policies to Improve Competitiveness Project aims to continue supporting competitiveness work initiated with Chemonics' assistance in 1999. Under an ongoing economic reform program, in 1999 USAID requested that Chemonics undertake a competitiveness strategies effort for the Dominican Republic. The objective of the program was to support a country competitiveness initiative underway in the Dominican Republic (DR), begun several years earlier by the private sector, to develop the country's competitive capabilities and to improve the standard of living of all Dominicans. This phase of USAID-funded assistance consisted of the four following interrelated activities: development of a national competitiveness strategy; development of a pilot regional competitive strategy for the Province of Santiago;

development of a pilot competitive strategy for the fruits and vegetable (hortofrutícola) cluster; and integration of micro, small, and medium-sized enterprises into the previous three components. All strategies were completed in 2000.

The overall goal of phase one of the project was to help empower local actors such that they could develop their own comprehensive development strategies that could pave the way for long-term growth. The National Competitiveness Strategy was developed to serve as the guiding framework for national economic development, while the Santiago regional and cluster projects were intended to serve as pilot projects that could be used to promote regional and cluster development in the DR. The National Competitiveness Strategy was established to fulfill four objectives: to articulate a vision of the future for the country; to establish a countrywide strategic positioning; to establish the strategic lines of action needed to materialize the vision and achieve the positioning desired; and to increase social capital. Overall, the National Competitiveness Strategy included ten priority lines of action, organized broadly according to human capital development, productive development, public management improvement, and poverty reduction.

In December 2000, during the *Forum for a National Development Agenda,* the National Competitiveness Strategy was presented together with various other development strategies and emerged as the net winner of the event, getting the widest support during the plenary sessions and from the work groups reporting to the assembly. The President of the DR closed the event by stating that he would support the recommendations made during the forum and would thus assist in implementing the National Competitiveness Strategy.

Phase two of the USAID-financed competitiveness effort began in June 2001, and is intended to further the productive development component—consisting of cluster development and trade facilitation—of the National Competitiveness Strategy over the course of one to two years. More specifically, Chemonics has established a Strategy Center in Santo Domingo, staffed by five Dominican professionals, to assist self-selecting regional or cluster groups develop their own competitiveness strategies. At present, the Strategy Center is assisting in implementing the following projects: La Vega regional development (which also consists of various development strategies for locally based clusters); San Pedro de Macoris regional development (which also consists of various development strategies for locally based clusters); Puerto Plata tourism cluster development; and La Romana-Bayahibe tourism cluster development. The Strategy Center is assisting all four groups—which were selected on a first-come, first-serve basis—in carrying out participatory strategic-planning efforts, with an end goal of developing viable competitiveness strategies. In addition to creating competitive strategies, the project's purpose is to help foster mindset changes, which in turn should lead to widespread support for implementation of the National Competitiveness Strategy. As a small project—considered akin to a seed capital fund—the current phase of USAID assistance is not geared towards increasing investment or employment, but rather is aimed towards developing the strategies that will allow regional or cluster groups to understand their own ability to develop the strategies that will bring about greater and sustained economic growth.

Key Results:

The key objective of the first two phases of the Dominican Republic competitiveness projects is twofold: to develop rational competitiveness strategies at the national, regional and cluster levels, and to broaden the social foundation in support of competitiveness initiatives.

Neither implementation of key investment projects nor increases in sales or employment are contemplated as part of the ongoing efforts. Rather, the competitiveness project is meant to serve as the "seed capital" that will develop a critical mass of competitiveness strategies that will include bankable investment projects and viable policy reform initiatives, and as a result a change in mindsets regarding competitiveness.

Phase one of the project resulted in the major objective of developing a National Competitiveness Strategy, a competitiveness strategy for the Santiago region, and a competitiveness strategy for the fruits and vegetables cluster. Simultaneously, a great deal of social capital was created that improved private-sector support for the National Competitiveness Strategy. This social capital was utilized as a means to continuously publicize the National Competitiveness Strategy as the most viable enabling framework for achieving greater and more sustainable economic growth. This process culminated in December 1999, with the National Competitiveness Strategy selected at *Forum for a National Development Agenda* as the most viable roadmap for national development. As part of this event, the President of the DR announced his willingness to support implementation of the Strategy. As the support for this strategy grew, and additional regional or cluster groups approached USAID for assistance in preparing their own competitiveness strategies, USAID decided to commence phase two of the project. As phase two has only recently begun, no strategies have yet been developed. However, the goal of the current activity is to produce additional development strategies and broaden the support for competitiveness initiatives.

A.3. Egypt Export Enterprise Development

Project Name:	Egypt Export Enterprise Development (EED)
Country:	Egypt
Donor:	USAID/Egypt
Contract Size:	$2,999,732
Contract Duration:	June 1993 – August 1996

The goal of the Egypt Export Enterprise Development (EED) Project was to expand Egypt's economic growth by promoting exports into European and Middle Eastern markets. The project was implemented by providing technical assistance to Egypt's Trade Development Center (TDC), the operating arm of the U.S.-Egypt Joint Business Council. Assistance was organized around an export expansion component, and three other components that would strengthen the TDC's capacity to help Egyptian businesses expand their exports.

Export expansion. The objective of the export expansion component was to assist the garment, furniture, processed food, and fresh fruit and vegetable sectors to reach export targets through technical assistance for market planning and promotion programs. These sectors were identified in the Chemonics contract, based on TDC's earlier market research. Therefore, the usual cluster identification process could not be followed in EED. Firms were identified with strong export potential were identified by the EED team for each sector and technical assistance programs were designed to analyze their production costs, introduce appropriate new technologies, identify target export markets, and strengthen their value chains.

Information system development. The objective of the information system development program was to develop a TDC information services unit to install and maintain the

following systems: management information, market and technical information, and monitoring and evaluation.

Organization development and training. The objective of the institutional support and development component was to expand the TDC's institutional capabilities and position it to serve as an effective catalyst for business and export development. EED supported this objective by strengthening TDC's organizational capacity to support export development service delivery to client firms and industries by developing a new organizational structure, reviewing and refining job descriptions, ensuring that administrative and financial controls were established and followed, providing appropriate staff training, and developing a financial sustainability strategy, including fee-for-services.

Program management and planning. The objective of the program management and planning component was to provide the basis for effective TDC program implementation by ensuring close coordination of major activities between the TDC, USAID/Cairo, and the technical assistance contractor. The project supported this component by implementing effective administrative and management information systems, developing participatory planning, and ensuring timely progress in reports and compliance with contract and cooperative agreement obligations.

Key Results:

Export expansion. Based on past experience and export market development assessments, the project was tasked to produce at least $40 million in cumulative export sales and assist at least 80 firms to achieve those sales. By the end of the project, those goals were easily reached. Project-generated cumulative exports totaled $62 million and 152 firms had been assisted on 387 different occasions. Annual exports increased from $17.6 million at the end of the first year to $25.2 million at the end of the project (third year), for an average annual compound growth rate of about 18 percent. However, since most of the firms had very little export experience before the project, the first year base exports of $17.6 million represented almost entirely new sales from the previous year before the project began. Therefore, the annual growth rate in exports, using the last year before the project began as the base, would yield a growth rate many times greater than the 18 percent rate during the project. The primary cause of the increased exports sales was the direct marketing, informational, and production technical assistance by project consultants to the targeted Egyptian businesses. The most significant export growth was in table grape sales to Europe. Since the project only operated for three years, it was not possible to infer how effective the TDC would be in sustaining this export growth rate after the project ended.

Lessons Learned:

The TDC, was the operating arm of the US-Egypt Joint Business Council, but it functioned more as a parastatal than as a servant of the Egyptian business community. While the EED team provided substantial capacity building support to the TDC through the information services, organization development, and program management and planning components, the project quickly revealed the difficulty of the TDC as a parastatal in being responsive to the market-based incentives of its client businesses. And while the businesses were successful in expanding exports by 50 percent over the original goals of USAID and TDC, their successes

were due almost exclusively to the EED project team's market development efforts. That experience demonstrated that parastatals such as the TDC are ill-equipped to appreciate the technical requirements of commercial operations, or be responsive to the unique marketing problems of each cluster. As a result of EED and other similar experiences with parastatals promoting trade and business development, USAID/Egypt later funded the creation of a non-profit organization founded by the private sector business community through the Egyptian Exporters Association (ExpoLink), to satisfy growing customer demands, companies must acquire the right information about international markets and other forces in the market place.

A.4. Jordan Access to Microfinance and Improved Implementation of Policy Reform

Project Name:	Access to Microfinance and Improved Implementation of Policy Reform (AMIR)
Country:	Jordan
Donor:	USAID/Jordan
Contract Size:	$58,100,000
Contract Duration:	January 1998 – January 2002

Historically, Jordan has relied on remittances, foreign assistance, and tourism to generate income. The deterioration of these revenue flows in the mid-1980s exposed fundamental structural constraints to economic growth. By the late 1980s, high national debt and rising inflation triggered a fiscal crisis. A reform program backed by the International Monetary Fund helped resuscitate the economy in the mid-1990s, but economic growth has since slowed, averaging only 2 percent from 1996 to 1999. Disadvantaged Jordanians, especially women and the rural poor, face a lack of employment opportunities and persistent poverty.

To strengthen its economic reform agenda, Jordan is encouraging private sector development and job creation. Chemonics and its partners are supporting these reforms through the USAID-funded Access to Microfinance and Improved Implementation of Policy Reform (AMIR) project. Chemonics is working with three microfinance institutions to improve their internal financial structures, train personnel in management, and create long-term sustainability. These institutions are improving their capacity to deliver financial and technical support to small and microentrepreneurs. Chemonics is encouraging the private sector to take a leadership role in the free-market economy by helping business associations upgrade member services and advocate private sector issues more effectively. Chemonics developed three-year strategic management plans for these associations and monitors their progress. With project assistance, Jordan's business associations have begun drafting legislation and are lobbying the government for changes that affect their members.

At the policy level, the Chemonics team conducted a rigorous analysis of Jordanian law, identified impediments to economic growth, and helped the government implement reforms – including changes in customs procedures, cited by business leaders as the main constraint to business development. Chemonics helps build capacity in the Jordanian Investment Promotion Corporation and promotes a modern securities market that will attract domestic and foreign investment. In helping to build the capacity of the Investment Promotion Corporation the AMIR program is working to attract investment and in reforming the country's customs process, which has been cited by business leaders as a leading constraint to business development. In the project's work to increase access to credit, the focus is on individual and group loans and

targeting of women entrepreneurs. The Chemonics team has signed grant agreements totaling $6 million with two nonprofit foundations and a commercial bank. A major initiative is also underway with the Institute for Banking Studies to train micro-bankers. The project also works to help strengthen the membership services of the business associations and assist them in increasing their advocacy role and to bring about policy reform in Jordan.

A component of the AMIR project is competitiveness intervention. As part of this component the AMIR program brought in The Monitor Company in September of 1999 to conduct a three-day competitiveness workshop. Further, training was conducted at the Ministry of Planning's Competitiveness Unit where coaching was provided on the work in progress at the Ministry. As a result of this work a set of "graduates" from the competitiveness seminar was created with the goal of furthering the AMIR's goal of enhancing prosperity in Jordan. This group was made official through the formation of the Jordan Change Network, which is still in operation today.

Key Results:

- Helped Jordan become the 136th member of the World Trade Organization in an unprecedented 8 months. Helped bring more than 40 trade laws and regulations into conformity with international standards.
- Helped microfinance institutions contract more than 50,000 loans. Nearly 2/3 went to women; the average income of borrowers rose by 43-47 percent.
- Increased small-enterprise membership in project-supported business associations by 56 percent since 1998.
- Supported public-private partnerships for economic development, including Jordan Vision 2020, an effort by the Young Entrepreneurs Association to coordinate private sector advocacy on economic policy issues.
- Delivered and implemented an automated clearance, settlement, and depository system for the Securities Depository Center.
- Designed and launched training programs to certify securities traders.
- Provided a three-day competitiveness seminar, which let to the creation of the Jordan Change Network comprised of independent Jordanian citizens working to further prosperity in their country.

A.5 Mali Sustainable Economic Growth

Project Name:	Mali Sustainable Economic Growth (SEG)
Country:	Mali
Donor:	USAID/Mali
Contract Size:	$15,003,501
Contract Duration:	July 1998 - September 2003

The Mali Sustainable Economic Growth (SEG) project promotes production, processing, and trade that add value to Mali=s livestock, cereals, and alternative products sub sectors. Specific objectives are to: 1) enhance the capacity of private sector enterprises to identify new and/or expand existing markets for primary and processed agricultural commodities that make

Mali=s producers, processors and agribusinesses more competitive and profitable; 2) identify and promote products that have a comparative advantage in domestic, regional, and/or international markets, following a filière approach to the analysis of the production-processing-marketing chain; and 3) disseminate to participating agribusinesses timely and accurate information on existing and potential markets, products and processes and assist them in meeting new or expanded market challenges.

In pursuing these objectives, Chemonics has implemented operational components in commodity development, enterprise development and policy reform. These components are supported by a Partner=s Fund and an Information Unit and all are housed in the Chemonics/Centre Agro-Entreprise Korofina Nord office. The Center serves a wide range of clients, from individual entrepreneurs seeking European or Ivorian market prices, to producer and exporter associations looking for better markets, products, processes and technologies, all seeking to apply knowledge and technology to become more competitive. Under the commodity development component, clients' abilities to be competitive are strengthened by: identifying new markets and process; differentiating products using knowledge and technology; and by creating products that go beyond the basic sun, soil, and cheap labor formulas of the past. Under the business development component, the clients' own capacities to penetrate future markets are strengthened through organizational development of associations of producers, processors or exporters to render them more effective and efficient in representing the interests of their members. Training activities target the business skills of individual firms and entrepreneurs to enable them to create better (US, not French-style) business plans, improve financial planning, develop bankable investment proposals and provide needed services to the business community. Under the policy reform component, the quality of the national development debate is improved by insuring broad, organized, and informed participation in regulatory decisions by the private sector. The project works with agribusiness to identify and prioritize their policy agenda and channels its efforts through established private sector networks, such as the Chamber of Commerce, the Agricultural Chamber, industry associations, and NGOs. Where a sector is inadequately represented in the reform process, it may be assisted in organizing and strengthening an association to advance the sector=s interests.

Key Results:

Enhancing Private Sector Capacity to Expand Markets:

- focusing on quality in mangoes including product selection, conditioning, packaging and transport issues has helped Malian mangoes to stay in the market--not just penetrate a market for just one season by:
  - training staff in improved procedures for post-harvest transport, handling, sorting and packaging of mangos for export to new European markets
  - organizing and elaborating airfreight export schedules for the mango season
  - establishing procedures to monitor and prepare export - import periodic marketing reports (market factors, product condition and sales, problems, financial) for mangoes
- identification of efficient sub-regional market channels for potatoes and dried shallots has improved the export potential for those products
- mobilization of approximately 485 million FCFA for three projects to improve their products for new and expanded domestic and regional markets (rice and rice processing and cattle fattening and exportation)

- competitiveness in the rice market was improved by:
  - introducing technology to respond to market demand by creating a new (differentiated) market niche for rice
  - demonstrations of improved rice processing technologies provided small processors with economically viable technologies for supplying quality rice in the face of a domestic demand estimated at 10,000 tons valued at 3.5 billion de FCFA. In effect, demonstration trials encouraged a total production of approximately 5,000 tons of high quality rice, half of which was processed at sites not financed by CAE
  - establishment of a viable accounting system for a rice processor with an annual cash flow in excess of 1000 million FCFA
- introduction of technology to extend the storage period has allowed potatoes to be brought to market later at higher margins
- a new market of Malian investor-clients was created for local consulting and training firms was as a result of CAE's small business development program
- domestic markets for maize flour have been expanded by improving flour quality and shelf-life through the introduction of more efficient milling technologies to remove the germ. CAE sponsored trials conducted with several small flourmills to improve the efficiency of locally developed and manufactured maize milling equipment enabled mill operators to produce an improved product. Approximately 145 tons of this improved intermediate product, valued at 32 million de FCFA, has already been sold on the local market
- **Livestock sector:** The strategy adopted by CAE to modernize and increase the value-added of commercial animal-based products focuses on the development of Mali's commercial animal feed sub-sector, including cottonseed cake from the cotton sub-sector. The strategy incorporates a business development approach intended to strengthen the capacity of commercial operators in the sector to more efficiently use improved production inputs, such as quality balanced feeds, as part of an improved management program designed to control production costs and maximize returns. This approach is considered the most effective way to improve the productivity and competitiveness of businesses within the sector, and as a consequence enhance opportunities to strengthen linkages with potential financial institutions. To date CAE has worked with nine cooperatives and associations, representing over 150 professionals, to fatten and market over 900 head of livestock using improved feed inputs, more efficient feeding practices and production cost controls and more effective commercial strategies focusing on the identification of product markets and on product promotion.

Identifying and Promoting Products With a Competitive Advantage:

- after early season mangos were found to have competitive potential in the United Kingdom, Germany and Netherlands export markets, Malian mango exporters improved the efficiency of sea transport for these markets
- domestic and export markets for potatoes and shallots have been expanded with new technologies for storage and handling to reduce post-harvest losses and expand the marketing windows
- shallots have become more competitive through the adoption of new techniques to improve production and drying for domestic and export markets
- small scale food processors increased their competitiveness with improved labels and packaging

- **Livestock sector:** Mali's animal feed sub-sector has been dominated for years by an industrial by-product from the processing of cotton. This product, which is in effect one ingredient that could be used in the production of a balanced animal ration, is the standard for the sub-sector and as a consequence is overpriced in relation to its nutritional value and performance. With CAE support, a local private feed supplier intends to introduce this year a new, balanced maize-based animal feed for cattle and small ruminant fattening that incorporates only about 10% of this cotton by-product. This new feed, which has already been shown in past field trials to out perform the cotton by-product feed in terms of weight gains, will also be highly competitive in terms of price. This is the first of several new animal feeds planned to be introduced over the next two years.

Market Information:

- potato and shallot producers have improved their marketing efficiency with CAE-supported real time market information on commercial prices in major markets
- agricultural exporters (fresh and processed products) have used internet access and CAE assistance to identify new market opportunities and price information.

A.6. Morocco New Enterprise Development

Project Name:	New Enterprise Development (NED)
Country:	Morocco
Donor:	USAID/Morocco
Contract Size:	$10,085,480
Contract Duration:	June 1992 – June 2000

In the early 1990s, Morocco began a period of market liberalization. To reduce barriers to business development and spur the creation of employment for Moroccan youth, the government and USAID/Morocco designed the New Enterprise Development (NED) project to increase private sector employment and output in Morocco by developing small and medium enterprises, in support of the government's objective of liberalizing its economy. This goal was to increase new business start-ups and strengthen existing businesses, particularly SMEs, through the provision of technical business assistance, facilitation of administration reform, strengthening business support organizations, and the development of responsive SME financing schemes. Areas of technical assistance include: reforming procedures, codes, laws, and policies to facilitate the creation and expansion of small businesses; strengthening private sector capacity to provide business support services; and improving access to small business financing. Activity components include: establishing a business center to provide fee- based services to SMEs; helping implement organizational and administrative reforms of SME regulations; developing innovative SME financing schemes; and overseeing the administration of pass-through funds to strengthen business support organization and bankable projects.

No competitiveness assessment work was conducted as a part of this project; however, the Morocco NED project was responsible for strengthening SME participation in specific economic sectors of the Moroccan economy. To this end, the project strengthened business planning and management for consulting firms and banks throughout the country. After assessing the need for training, the team designed courses to help business associations, chambers of commerce, and other organizations serve small entrepreneurs. The team expanded

financial services by creating a loan guarantee fund and advising the government and donors on how to use existing financial institutions to service the small-business sector.

Chemonics' technical work developed an informal, national network of consulting firms, associations and chambers of commerce, and business trainers that is now capable of selling modern business consulting and training services to SMEs throughout Morocco. Notably, team members introduced these business support organizations and specialists to such proven tools as business planning and interactive adult training. NED professional staff trained more than 260 consultants in some 55-consulting firms in 12 cities and towns throughout Morocco. These firms, which work with more than 3,500 SMEs, are now capable of preparing modern business plans, marketing studies, diagnostics, and cash flow analyses, and negotiating on behalf of their clients with commercial banks. More than 30 of these firms currently sell such consulting services to SME clients. NED staff also trained more than 250 managers and training specialists in some 30 chambers of commerce and business associations in 26 cities and towns throughout Morocco. These business support organizations are now capable of identifying their members' training needs, organizing management trainings with private Moroccan trainers, and evaluating training results.

The technical engagement introduced participatory methodologies for building consensus, catalyzed public-private dialogue, promoted best practices through an existing supply of business support organizations and consultants and trainers, and strengthened the capacity of scores of private business service providers. Chemonics' activities developed an efficient network of more than 40 consulting firms that worked with more than 1,400 small businesses throughout Morocco. The professional staff provided participating firms with focused technical assistance and training to improve their business planning, market study, and financial management skills. In addition, NED developed a network of business associations and chambers of commerce that expanded their training divisions through the direct technical assistance of the professional staff. NED staff worked closely with these organizations to help develop and implement practical, demand-driven training programs aimed at efficiently addressing small business members needs.
Interventions under the NED project continue to act as a catalyst for new business growth and job creation.

Key Results

- Built a network of more than 50 consulting firms in 12 cities serving more 3,500 small-business clients throughout Morocco.
- Computerized the Moroccan Central Business Registry, reducing the time required for business name registration from 2 days to 15 minutes.
- Developed simplified tax forms, enabling small businesses to be incorporated into the National Tax Authority's fiscal reform program and increasing annual government revenues by nearly $4 million.
- Trained more than 350 managers and training specialists in 30 chambers of commerce and business associations, who in turn provided management training to nearly 1,900 entrepreneurs.
- Designed an innovative $5 million loan guarantee facility to link small enterprises to working capital credits.

- Sponsored an observational study tour to the United States and Canada for 14 bankers and senior government officials.
- Increased SME output as a result of business planning and training services:
- $8.8 million new investments by SMEs
- $11.3 million projected first-year revenues
- 627 new jobs
- 74 new SMEs created

A.7 Nepal Market Access for Rural Development

Project Name:	Nepal Market Access for Rural Development (MARD)
Country:	Nepal
Donor:	USAID/Nepal
Contract Size:	$3,653,761
Contract Duration:	April 1997 – February 2002

The purpose of the Market Access for Rural Development Project (MARD) is to increase sales of high-value agricultural products and improve nutritional status in the Lumbini-Gandaki zone of Nepal. (The project was relocated to Lumbini-Gandaki in mid-1998, after the original Rapti zone site became insecure.) The project is promoting market expansion and ensuing participation of farmers and agro-entrepreneurs in high value product (HVP) production and increased consumption of locally produced vitamin A-rich foods to accomplish this purpose.

The project consists of four components. The market development component is focused on: expanding demand for high-value agricultural commodities produced in the project area; reducing the costs of marketing those products; and expanding the supply of purchased agricultural inputs, particularly agro-vet supplies, for those products.

The technology and high-value agricultural extension services component increases farm productivity by helping farmers to adopt technologies that are focused on: improved crop varieties; crop varieties and cultivation practices that maximize off-season supply windows in export markets; integrated pest management and environmental management approaches; livestock enterprises with short production cycles and strong market opportunities; and post-harvest reductions in processing and handling costs. Adoption of improved production technologies is facilitate by conducting on-farm demonstrations of improved crop varieties and livestock enterprises with cooperating farmers throughout project production pockets.

The improved nutrition component is promoting improvement of the nutritional status of pregnant and lactating women and children between the ages of 6 months and 5 years through a food-based vitamin A program that is coordinated with the market development and technology components to: emphasize quality food production for home use; provide an adequate nutrition knowledge base; emphasize the importance of food storage and preservation to cope with lean production periods; and monitor and evaluate nutrition interventions to enhance program performance. Adoption of improved nutritional behavior is facilitated by conducting household nutrition demonstration sites with cooperating families throughout project production pockets.

The bottom-up planning and policy reform component helps farmer/trader beneficiaries improve their ability to: identify critical production and marketing policy constraints; engage relevant Government of Nepal (GON) line agencies in constructive rural development dialogues; identify new technical assistance needs in marketing, production, and nutrition improvement; develop local and regional solutions to policy problems that are within their local and regional influence; and lobby the GON on solutions to policy problems that are outside their local and regional influence.

Technical assistance is focused on those (mainly crop) products that have been identified as having high competitive advantage based on the following criteria: the products are currently produced in significant volumes; the products have high potential for sharply increasing productivity (lowering average unit costs); the products have the potential to displace seasonal imports from India; and return at least 100 rupees to each labor day (about double the average rural labor wage rate, of less than $US1 per day). These priority crops are being emphasized to quickly achieve productivity and sales gains from appropriate "off-the-shelf" technologies, which then become models for adaptation to other agricultural enterprises with potential for increased competitiveness.

An annual participatory rural appraisal of all 24 project pockets in 6 districts (4 pockets per district) is used to track overall project performance through changes in farm production, sales, and nutrition improvement. Simultaneously, a participatory rural appraisal is conducted in the non-project areas in each project district to further measure project effects and the rate of diffusion MARD interventions by GON agricultural extension workers.

Key Results:

Potato, cauliflower, cabbage and tomato (PCCT) crops were identified as having the highest potential competitive advantage and performance indicators, benchmarks and targets were established to monitor their role in expanding agricultural markets in the project area. Since the vitamin A program for pregnant and lactating women is a food-based strategy that is coordinated with market development and production technology components, night blindness was also monitored. Since the baseline was established in 1998, the targets for each indicator have been achieved or exceeded in each successive year. The results of the key performance indicators are summarized below:

	Performance Indicator	1998 Base	2001 Results	% Change
1	Annual sales of potato, cauliflower, cabbage & tomato in project area ($US million)	0.63	2.11	235
2	Hectares of potato, cauliflower, cabbage & tomato harvested in project area (hectares)	1,122	1,563	39
3	Average yield of potato, cauliflower, cabbage & tomato harvested in project area (tons/hectare)	6.1	17.5	187
4	Percent of potato, cauliflower, cabbage & tomato production marketed (% sold)	67	76.2	14
5	Number of agro-vets operating in project area	34	56	65
6	Incidence of night blindness among pregnant/lactating women in project area (%)	14.7	6.9	-53

Yields, one of the foundations of increased competitiveness with nearby Indian exporters, have almost tripled for the PCCT crops, and total sales of those crops have more than tripled.

For all other high-value crops in the project area over the 1998-2001 period: cultivated area has increased by 15%; yields have almost doubled; and the marketed value of production has increased 150%. Such large increases in production and sales would be expected to depress prices. However, because the increased supply has replaced significant portions of low-priced Indian imports, prices have fallen only 13 to 15 percent. Therefore, the price decline has been easily offset by increased sales.

A.8. Nigeria Agribusiness Development Assistance

Project Name:	Agribusiness Development Assistance in Nigeria
Country:	Nigeria
Donor:	USAID/Nigeria
Contract Size:	$1,999,972
Contract Duration:	June 28, 2001 - July 15, 2002

Chemonics is working with USAID/Nigeria and the Government of the Federal Republic of Nigeria (GON) to increase Nigeria's economic growth by increasing its competitiveness in the world market through the export of selected high potential agricultural products. This study of Nigeria's agricultural sector is premised on the fact that agriculture has, until the emergence of petroleum exports from Nigeria, been the country's chief source of export income and a principal source of employment. As Nigeria attempts to diversify its export base, agriculture and agricultural products should have great potential if the right steps are taken to match international demand with those Nigerian products that are or could be successfully produced for export.

As a result, the GON has requested USAID/Nigeria assistance in determining which agricultural products have the greatest export potential and the creation of wealth, income and employment in Nigeria. The GON is convinced that a realistic business plan to maximize Nigerian's agricultural potential must be based on sound information, an analysis of what demand and supply conditions actually exists, and a clear understanding of the constraints in the sector that would inhibit the GON and the Nigerian private sector from capitalizing on these opportunities.

The following three-phase approach: I. Assessment of the Global Market for Agricultural Products; II. Evaluation of Nigeria's Agricultural Sector; and III. In-depth Agricultural Industry Business Plans, is designed to achieve these objectives. The final result of this project will be the submission of a number of Industry Business Plans (IBPs) that will be implemented as part of a comprehensive agricultural competitiveness program that would be supported by USAID and other international donors as well as the international and Nigerian private sectors. Ultimately success will be a measurable and significant increase in Nigeria's export of agricultural products to world markets in the United States, Europe and the West Africa region and its impact on domestic wealth creation, income, and employment.

Phase I. Assessment of the Global Market for Agricultural Products.

The first phase will be an analysis of world markets for agricultural products that are, or could be produced in Nigeria. The analysis will focus on those products that have the highest export sales potential as determined by current and projected international sales and competitive advantage. The markets, including the Africa region, will be evaluated using a methodology

and evaluation criteria that Nigerian growers, processor and exporters feel to be the most appropriate based on their knowledge of the products, their production requirements, and their experience in exporting Nigerian agricultural products to the international markets that they already serve.

For example, the set of criteria will include existing consumer demand, trends in market shares, capital requirements, product distribution, commodity prices and volatility, financial returns, government polices, etc. The results of this assessment will produce a prioritized list of the most promising global marketing opportunities for current and prospective Nigerian agricultural export products.

Phase II. Evaluation of Nigeria's Agricultural Sector

This task will focus on matching current and future Nigerian production and production capabilities with the world demand information provided in Phase I. This will be accomplished through an agricultural summit at which leading representatives of the Nigerian private and public sector, most familiar with current production capabilities, trading experience, and agricultural policy will make the best match between world demand and Nigerian existing and potential for production and export sales. The participants will be asked to make this match using selection criteria established as being the most appropriate, by the participants, thus ensuring a process that highlights and reflects stakeholders' views and priorities. This approach was successfully prototyped in a practice or mini-summit in November with very encouraging results and a major buy in on the part of the Nigerian participants to seeing the process replicated and expanded at the major summit in January 2002.

After the summit, and if necessary, a team including industry experts, will conduct "validation visits." These visits will be used to select sites and confirm information and data gathered at the summit.

Phase III. Industry Business Plans

Agriculture industry business plans (AIBPs) will be developed for the most promising commodities resulting from the agricultural commodity summit. These business plans or "road-maps" will identify channels or links in the commodity chain that will need to be in place to ensure the highest probability of successfully exporting these products ultimately selected by the participants. This analysis will include private and public sector individuals most knowledgeable of the selected commodity supported by teams of local and expatriate Chemonics experts with experience in developing industry business plans.

The business plans will focus on the identification and description of interventions appropriate for USAID and GON support to both increase and accelerate private sector agribusiness activity within the commodity chain leading to successful increases in Nigerian products to international markets. The plans will also list action steps for the private sector to follow, particular individuals interested in entering and or expanding their presence in the export of Nigerian agricultural products as well as identify the need for changes in public policy necessary for their achievement.

Preliminary Results:

With the Agribusiness Development Assistance in Nigeria project just underway, any results cited can only be considered preliminary. To date, the global market assessment has been conducted and a mini-seminar has been held. In January 2002, a full seminar is expected.

In October 2001, a mini-seminar was held to determine the best approaches to conducting the full seminar scheduled for January. Eighteen participants attended this mini seminar whose activities were largely based upon the results of the assessment of the global market for agricultural products. Prior to the mini-summit, a demand-side business analysis, based on world sales for products currently being produced in Nigeria, was prepared to allow product suppliers to have a greater appreciation of the totality of the markets that they were or could be increasing for Nigeria.

Based upon the outcome of the discussions, and keeping with the technology transfer and self selection ideals of the project, it was decided that the local experts were fully capable and should therefore lead the seminar in January. Of the 18 participants, 17 volunteered to lead breakout product discussions and all 18 expressed their interest in participating in the full seminar in January.

A.9. Peru Microenterprise Support and Poverty Reduction

Project Name:	Microenterprise Support and Poverty Reduction (PASOR)
Country:	Peru
Donor:	USAID/Peru
Contract Size:	$14,582,00
Contract Duration:	September 1999 - September 2003

The Microenterprise Support and Poverty Reduction Program, commonly known as PASOR, is a long-term effort to increase incomes and employment, and thus reduce poverty, in rural areas of Peru. The project utilizes a secondary-cities approach, and thus attempts to assist firms in generating economic opportunities in economic corridors that are geographically centered around small to medium-sized cities throughout Peru. The key strategy is to reduce poverty through productive means (*i.e.*, via the development of clusters) instead of through social welfare programs.

Under PASOR, Chemonics is overseeing numerous local subcontractors that have established economic service centers in ten economic corridors located throughout rural Peru. These centers assist firms that request assistance to implement investment projects. Additionally, the centers proactively identify market opportunities for key firms located in their zones of operations. Thus, economic service centers serve as market facilitators: they assist local firms—mostly medium to large-scale firms that are able to make useful investments in productive activities, often through backward linkages to large groups of micro and small farmers or other producers—in understanding domestic and international supply better, and subsequently provide strategic assistance in helping these client firms improve their productive capacities to improve their supply in response to the newly identified demand.

The overall goal of PASOR is to raise income, investment and employment in the ten zones targeted by the program. The goal by 2004 is to increase income by US$67,000,000; investment by US$6,250,000; and employment by 22,000 jobs. The project is making strides towards achieving these goals with a focus on a number of key clusters, including the following: pineapple, trout, heart of palm, tourism, quinoa, barley, and tapestries and ceramics.

A related aspect of the PASOR activity is policy reform. In assisting clusters in a demand-driven fashion throughout the country, the program's economic service centers are continuously able to identify those policies that hinder more rapid economic growth for target clusters. Policy constraints are forwarded to PASOR's Lima headquarters, were such constraints form the basis of an ongoing policy dialogue with the Government of Peru. The objective of this aspect of PASOR is to continuously reform the policy environment to improve the overall competitiveness of the Peruvian economy. As a result, the project focuses continuously on both macro-level improvements (policy/regulatory reform) and micro-level advancements (business improvements in key clusters).

Key Results:

By September 30, 2001, PASOR had achieved the following accomplishments as a result of direct assistance: an increase in sales by $4,300,000 and the generation of 395,520 labor days. These results can be further disaggregated according to the ten economic corridors in which economic service centers have been established, as presented in the table below.

Peru PASOR Project Results, September 30, 2001

Economic Corridor	Net Sales (in US$, rounded)	Number of Days Worked, rounded
Huancayo	500,000	45,920
Cajamarco	600,000	55,084
Huanuco	750,000	68,850
Tarapoto	600,000	55,250
Cusco	150,000	14,130
Huaylas	450,000	41,000
Puno	350,000	31,866
Jaen	250,000	23,220
Pucallpa	400,000	37,000
Ayachucho	250,000	23,200
Total	**4,300,000**	**395,520**

Of the numerous investments that have resulted from project interventions, several deserve to be mentioned below. In the Cajamarca economic corridor, the project has helped local exporters and producers identify a market in Europe for alubia beans. As a result of an initial investment, 50 hectares of alubia beans were harvested, resulting in US$25,212 in sales and 2,507 days worked. In the Puno corridor, local farmers have begun growing specialty varieties of quinoa in response to U.S. market demand identified by PASOR. An initial investment in 400 hectares has already taken place.

A.10. Philippines Agribusiness Systems Assistance Program

Project Name:	Philippine Agribusiness Systems Assistance Program (ASAP)
Country:	Philippines
Donor:	USAID/Philippines
Contract Size:	$16,905,962
Contract Duration:	May 1992 – March 1996

The Agribusiness Systems Assistance Program (ASAP) was intended to foster sustained private sector-led growth in the Philippines agribusiness system with a significantly higher annual growth rate in value added. To achieve this goal, the project was to improve the policy environment for private investment in agribusiness linked to a more efficient small farm production subsector.

The project was implemented through two components. The Advocacy and Policy Reform component focused on: developing private/public sector advocacy for open market policy reforms; monitoring the impact of recently introduced policy reforms; and identifying new policy reforms for introduction in the out-years of the program by advocacy groups that were strengthened during the project. This work was accomplished by providing assistance in policy analysis and advocacy to the Department of Agriculture, and USAID. This included facilitating policy dialogue with the GOP on relevant policy reform agenda issues. Progress on policy reform process was constrained by:

- Lack of sound analysis and information on policy issues and alternatives
- Lack of experience in targeted advocacy campaigns
- Lack of political accountability for economic policies.

Activities to overcome these constraints included:

- Collaboration with private sector groups, including trade associations, chambers of commerce, universities, and local farmers groups to identify policy problems and advocacy groups to address the problems
- Strengthening these groups' capacity to contract and produce studies, workshops, seminars, and publications by collaborating on the production of 31 policy studies and 13 advocacy studies and conference proceedings
- Installation of a policy analysis and advocacy unit in the Department of Agriculture's Planning and Monitoring Service
- Assisted the Department of Agriculture in addressing new legislative initiatives that would affect the agriculture sector by conducting studies, workshops and seminars and providing data and other printed material to the GOP.

The Private Sector component focused on: increasing private sector responsiveness to the improved agribusiness policy environment; and increasing the efficiency of the small farm production subsector through improved vertical coordination and integration. This work was accomplished implementing most of the ASAP market development activities, including the organization of trade fairs in collaboration with the GOP and private sector associations and trade missions intended to foster closer technical and commercial ties between Filipino and U.S. agribusiness entities. Increased agribusiness value-added, as the main indicators of market development was found to face four constraints:

- Inadequate and untimely market information
- Poorly organized farm-to-market linkages
- Weak or non-existent commercial linkages between U.S. and Philippine agribusiness entities
- Underdeveloped export niches for Philippine products.

To overcome these constraints, the project implemented a set of market development activities focused on:

- Providing direct technical assistance in the production, post-harvest processing, and marketing of 27 selected high-value products through on-the-job training and collaboration with more than 30 key private sector trade associations, multinational agribusinesses, and government research, extension, and trade development agencies on the production of 10 workshop/conference proceedings, 12 market development papers, 7 training manuals, 5 training slide sets, 5 market development brochures and 12 agribusiness opportunities newsletters
- Supporting 83 trade missions to third countries and the United States for 935 participants to gain first-hand knowledge on market demand, import regulations, border prices, and potential importer partners
- Organizing and conducting 263 seminars and conferences on market conditions, production and post-harvest technologies, and marketing techniques for 21,000 participants
- Organizing one-on-one trade and investment sessions during trade missions
- Facilitating technology identification and transfer between trade associations, domestic and foreign technology suppliers, and GOP research and extension agencies

Key Results:

The Policy Analysis and Advocacy component played a major role in the following results:

- Built public consensus and support that led to the Philippines's accession to the WTO, at a time when widespread opposition by agribusiness interests had threatened to block WTO accession
- Improved the policy environment conducive to sustained private sector investment in agribusiness by developing and implementing policy advocacy campaigns that led to the enactment of legislation that allowed access to affordable and quality world-competitive seeds and planting materials, reduction in tariff rates on agribusiness inputs and improved the collateral value of agricultural lands
- Expanded government support services for the agribusiness system by gaining a three-fold increase in the Department of Agriculture budget at the end of ASAP
- Increased private sector participation in the policy reform process by coordinating the management of advocacy events for three major agribusiness trade associations, providing technical analyses and strategy formulation and implementation services and on-the-job training for the Agribusiness Coalition, which assumed responsibility for sustaining agribusiness policy advocacy after ASAP ended

The Market Development component produced the following **Key Results:**

- Clusters for each commodity group learned to develop market action plans that emphasized the steps that were required to penetrate potential export markets

- Crop yields were increased with improved seeds imported under newly liberalized seed trade legislation
- Technology transfer was strengthened by improved collaboration between trade associations and government research and extension agencies, by focusing on market-based incentives for increasing sales and exports

A.11. Senegal DynaEntreprises Senegalaises

Project Name:	DynaEntreprises Senegalaises (DES)
Country:	Senegal
Donor:	USAID/Senegal
Contract Size:	$26,463,090
Contract Duration:	November 1999 – November 2004

Under the DynaEntreprises Senegalaises (DES) project, Chemonics is working to achieve sustainable increases in private-sector income generation in Senegal. To achieve this end, Chemonics operates project offices in five zones that have demonstrated the greatest potential for entrepreneurial development; these offices are broadening local access to both financial and human capital. The project is introducing technical and managerial improvements and upgrading capacities in business associations, financial institutions, consulting companies, and enterprises within key clusters.

The project's business development component (*i.e.*, human capital development) provides assistance in the form of training, cluster studies, or other information assistance, based on requests from interested cluster groups. The greatest demand to date has come from business associations, whose members have expressed interest in training in various skills essential to developing an enterprise: marketing, management, and accounting, among others. Other component activities to date have included studies of the milk-processing cluster and the cooking-stove manufacturing cluster, in addition to the provision of best-practices training to the cyber café cluster and processed-fruit cluster.

The integration of information technology into its activities is key to the innovative approach of DES, and has been an important part of the project from the beginning. As one of many examples, the project has integrated GIS-components into several subcontracts, including a market information study on improved cooking stoves. This study provided analyses of opportunities for growth and investment by entrepreneurs in the improved cooking stove sub-cluster, using analyses of the geographical distribution of producers, middlemen and markets.

The business development component of DES follows a demand-driven approach for the provision of assistance. This approach requires that beneficiaries approach DES with a request or an idea for assistance, based on information shared freely about the project's domain of activities. If the request for assistance falls within that domain, the project will then work with the beneficiaries to assure that the assistance requested is appropriate to the need identified within the organization. The benefit of the demand-driven approach is multifold. First, only those organizations, institutions, and clusters motivated and organized enough to formulate and express a demand will receive assistance, greatly increasing the likelihood of its effectiveness and sustainability. Second, as organizations have expressed to project staff, the requirement of a demand-driven approach forces counterparts into an in-depth analysis leading to an identification

of their needs, rather than having an outsider identify what the counterpart's perceived needs are. Finally, the demand-driven approach allows DES to tailor its approach to the organizations or clusters with which it works, rather than forcing institutions into preconceived approaches.

Key Results:

Although the Senegal DES project is still in the first phase of implementation, the project has done a great deal to expand entrepreneurial skills within the Senegalese private sector in general, in addition to assisting several key clusters identify constraints and opportunities to improved business.

One notable occurrence under DES has been the development of the Kolda TechnoFair, which was designed to provide an infusion of appropriate technology from the other regions of Senegal and throughout Africa to the rural regional capital of Kolda. Over 2,000 people attended the TechnoFair to view the technologies, goods and techniques of roughly 45 presenting firms, groups, and organizations. Initial impacts of the TechnoFair include new technologies understood, deals initiated, new producer-level decisions made and, most importantly, Kolda residents instilled with a new sense of dynamism and pride in their region.

Similar to the Kolda TechnoFair, DES hosted a three-day business exchange event that brought together a diverse group of private-sector actors and firms from the Thies Region. The fifty fee-paying participants discussed constraints to their local business with an emphasis on how they could resolve their problems at the local level. This first-time event resulted in the establishment of a Thies Region business association entitled *Action Entreprises de Thies*, which has already met and established its legal identity.

Work in support of key clusters has included: a two-day, for-fee investor's workshop in Kolda during focusing on ways to implement the recommendations outlined in a dairy cluster study; a study identify opportunities and faced by the cooking stoves cluster; a program to improve the quality of outputs of the transformed fruits and vegetables cluster; and training to cyber café owners to help them expand their cluster outside of Dakar.

A.12. Uganda Investment in Developing Export Agriculture

Project Name:	Investment in Developing Export Agriculture (IDEA)
Country:	Uganda
Donor:	USAID/ Uganda
Contract Size:	$30,058,284
Contract Duration:	February 1995 – February 2004

The Uganda Investment in Developing Export Agriculture (IDEA) project is focused on increasing rural household incomes. The principal means of achieving this goal is by helping increase the value of selected non-traditional agricultural exports (NTAEs) as the source of increased incomes.

In terms of implementation strategy, IDEA provides direct assistance to producers, traders, and exporters of selected NTAEs using a vertically integrated, cluster approach. IDEA works to expand low-value (LV) food crop exports (primarily maize and beans), in addition to

increasing production and exports of high-value (HV) crops (such as flowers, fresh produce, cocoa, papain and vanilla).

IDEA operates principally for and in concert with the NTAE private sector. Thus, the IDEA Steering Committee (ISC) is made up largely of private sector representatives and a few representatives of ministries and parastatal entities involved in promoting the NTAE sector in Uganda.

Under the two operational components utilized to accomplish project results—the LV and HV components—the project focuses on a number of key objectives. For the LV component, the project concentrates on the following objectives to strengthen the targeted cluster groups: assist in generating efficient production technologies; promote efficient production and post-harvest technologies; promote and support input supply network; support seed multiplication and distribution; provide market knowledge and information services; establish and promote Rural Agricultural Marketing Systems (RAMS) Centers; promote outgrower initiatives; provide support to exporter clients; and promote agricultural processing. On the HV side, the IDEA project is assisting cluster groups through the following means: promote efficient production technologies; increase market opportunities for selected HV products; promote product quality and improved post-harvest handling of fresh produce; promote production and export of HV commodities; promote agricultural processing of HV products; improve airport handling system; consolidate freight at Entebbe International Airport; and strengthen institutional systems. IDEA provides all these services through the Agribusiness Development Center (ADC), which is staffed by numerous international and local horticultural specialists. As a means to support long-term sustainability of the improvements introduced by ADC staff, the IDEA projects makes financing available to private-sector partners via a cost-sharing grant facility.

Key Results:

Described as an "excellent program" by *The Economist*, the Uganda IDEA project has introduced 120,000 farmers to new technologies. Maize and bean yields have risen by 50 to 200 percent, production of many high-value crops has doubled, and cut-flower exports have increased six-fold since the project began. The project has helped generate exports worth $20 million and raised the incomes of more than 25,000 small farmers and agricultural workers.

One area in which the IDEA project has made great success is in the high-value (HV) clusters component. The following table presents life-of-project targets for these clusters compared against actual results over the past few years, demonstrating that clusters have progressed much more than expected by the project. These results reveal that the IDEA project has been highly successful in its interventions.

High Value Crop Exports (US$ Mill FOB) for Uganda IDEA: 1995-2000

Product	LOP Target	1995 Value	1998	1999	2000
Roses	20.00	2.30	11.68	9.95	11.07
Plant cuttings	5.00	0.00	2.34	3.51	3.54
Fresh produce	10.00	0.63	2.30	3.13	3.65
Vanilla	2.00	0.24	0.75	1.50	2.02
Cocoa	3.00	0.64	2.12	2.80	2.02
Papain	4.00	4.46	4.94	4.20	0.96
Other HV products	1.00	2.40	0.59	0.70	0.50
Total	**45.00**	**10.67**	**24.72**	**25.79**	**23.76**

As indicated in this table, compared to a life-of-project goal of $45 million in new HV cluster exports, in the past three years alone, project-supported clusters have produced $74.3 million in exports.

B. Lessons Learned and Pending

Reviews of the projects described above provide many useful insights about the competitiveness process. However, the routine project documentation often fails to capture experiences that are realized at a later date. Interviews with several Chemonics project managers have illustrated this point. In retrospect, many of these projects now demonstrate critical lessons that donors should find useful in improving economic growth performance. It is important to also note that these experiences have revealed important elements of the competitiveness process that are still unresolved, and therefore pending as to what lessons will ultimately be learned.

B.1. Lessons Learned

The following lessons have been learned from Chemonics' competitiveness experiences:

1) Catalyst for Trade Liberalization. To the extent that firms and clusters buy into the competitiveness process, they represent one of the most important catalysts for expediting a country's trade liberalization process. Donor policy dialogues with host governments on trade reform usually fail if there is no private sector pressing at the boundaries of trade barriers, based on profit-motivated interests.

2) Catalyst for Environmental Protection. Similarly, the clamor for inclusion of environmental protection in donor development strategies can be expedited by using competitiveness to liberalize trade. In the case of PROEXAG/EXITOS, one of those projects' enduring impacts was the demonstration to local horticultural producers, processors, and brokers that their exports to the U.S. would require full compliance with U.S. sanitary/phyto-sanitary (SPS) regulations. Once the exporters understood the scope and nature of the regulations, they were able to factor in the costs of local environmental protection through pollution prevention approaches. As the volume of horticultural exports to the U.S. increased, the domestic market momentum produced a major spillover of environmental protection benefits for surplus produce consumed locally. The increasing scale of production allowed cost-effective incorporation of safe pesticide and post harvest processing technologies to be adopted, largely due to market-

based compliance with U.S. SPS requirements. The same experience has been noted for developing countries exporting into the EU and Japanese markets.

3) Importance of Study Tours of Target Markets. One of the most important elements of the competitiveness process is understanding the buyer requirements in the target market. Firms and clusters in developing countries are often unaware of the regulatory and transactions requirements for exporting to new markets. Reading these requirements or listening to their explanation in local workshops is necessary, but far from sufficient for adoption. Key representatives along the value chain have to travel to the new markets and deal with these issues on a face-to-face basis. The recurring theme that resonates from Chemonics' export promotion and/or competitiveness interventions is that study tour experiences cannot be duplicated in domestic training programs.

4) Importance of Defining Government's Enabling Roles. Host governments' best intentions for economic growth and trade expansion are inevitably undone if the competitiveness process is not led by dynamic, innovative leaders from the private sector. Entrepreneurs are best suited to identify the market constraints that are caused by inappropriate enabling environments, which usually are under the control of government economic development agencies. Government membership on competitiveness councils and projects is necessary, to expedite the government's understanding of the problems and the potential political rewards for promoting the competitiveness process.

5) Long Competitiveness Diffusion and Adoption Horizon. The widely studied case of the diffusion and adoption of hybrid maize by Iowa farmers highlights the problem of the KAP approach. Regardless of how well the knowledge is diffused, the potential adopters have many risks to overcome before they put the knowledge into practice. The Iowa hybrid maize adoption horizon was about two decades. Since then, improved communications and the spread of "modern" attitudes toward change have shortened the adoption of agricultural innovations. In the case of competitiveness, the Chemonics experiences have demonstrated that the "knowledge" base can be created quickly, within 1-3 years. However, the change in attitudes, which is necessary for effective application of the knowledge about competitiveness practices, is far more problematic. The Chemonics interventions have not been able to document the full adoption horizon, but it is likely that it is at least a decade-long process (to achieve full adoption by 80-90 percent of the cluster).

6) The Cumulative Effects of Competitiveness Interventions on Markets. Finally, the Chemonics experiences, particularly in horticultural industries, show the dramatic change in those markets over the past decade. Much of the change has been due to competitiveness interventions (regardless of the name or original intent) by donors. Developing countries have been remarkably successful in adopting the production and marketing technologies that are required to penetrate markets in developed countries. Most of the products could be classified as "phase 1" in the product life cycle. As the technologies have been applied, significant production and marketing efficiencies have given developing countries significant cost advantages in new developed country import markets. However, the increases in supply and the improved scheduling of supply to match peak demand windows, have created the second generation problem of depressed market prices and faster shifts in product profitability. This is often called the "treadmill effect" because the original introduction of innovations have now been offset by their adoption by most of the suppliers, and thus forcing them all to have to "run

faster" just to stay in their current place. This is the undercurrent that flows through many of the arguments by many of the globalization critics. The response to this situation is to simply describe the nature of markets and the competitiveness process: change is inevitable, and those who seek to be competitive will find the change less painful, regardless of what goods and services they may switch to producing in the future. It also illustrates the importance of shifting attention to "phase 2" of the life cycle for products that can be differentiated.

B.2. Lessons Pending

The lessons Chemonics has learned about effective competitiveness interventions have identified two other lessons that are still pending, primarily because insufficient time has elapsed to allow full utilization of the interventions by the beneficiaries, and the lack of a continuing monitoring platform beyond the respective project contracts. At this time, the sustainability of the competitiveness process in developing countries is much less certain than might be assumed from Porter's writings. Also, the cumulative effects of increased competitiveness throughout the world are taxing the abilities of firms and clusters to deal with increasing market complexity.

1) <u>Sustainability of the Competitiveness Process</u>. While competitiveness projects are demonstrating ample success in the first two phases of the competitiveness process (See Section C above), it is too early to say how the poorest countries will fare. The Singapore and Hong Kong examples are not fair benchmarks for evaluating most developing countries. Sustainability means staying in the market, regardless of how the market changes. This means all levels in the value chain have to cope with enormous market change, including exiting from a particular market or industry, and entering other more lucrative markets and industries. There is more optimism about the private sector's capability with sustainability than with governments' capability to ensure the proper enabling environment. Certainly, this process will be expedited by increased emphasis on competitiveness principles across all donor-funded economic growth initiatives.

2) <u>Ability of Firms/Cluster to Cope with Increasing Market Complexity</u>. Closely associated with the overall question of whether developing countries can sustain the competitiveness process is the more direct question of whether firms and clusters will be able to cope with increasing market complexity, as one of the major ramifications of the globalization process. Chemonics' experiences have documented impressive accomplishments by firms and clusters during phase 2 of the competitiveness process. But the results from phase 3 will not be forthcoming for another decade, particularly in the case of projects still under implementation. Emerging evidence on this issue will clearly help donors to validate the overall competitiveness process and refine the interventions that will best expedite the quest for growth that lies at the heart of the World Trade Organization's purpose.

C. Monitoring and Evaluation Plan

C.1. Constraints to Effective Monitoring and Evaluation

Chemonics' experience in monitoring and evaluating the performance of competitiveness interventions has identified several constraints, which frame the requirements for effective M&E plans.

Lack of timely and comprehensive government economic statistics. Government statistics in developing countries frequently do not track basic economic variables along the value chain of the typical competitiveness project. Therefore, data on employment and sales are rarely tracked by industry/cluster on an annual or more frequent basis in government statistical reports. Also, the data are often published more than one year after the end of the reporting period, so project-driven M&E systems cannot rely on such schedules to meet their client's more timely reporting requirements.

Lack of sufficient M&E resources included in the project design. In too many cases, monitoring and evaluation is not given adequate attention in project designs. In USAID projects, the trend toward finalizing the M&E plan, particularly performance indicators and targets, after the project has been mobilized, can marginalize the M&E program.

Conflicts over M&E priorities. The needs and preferences of donors and the relevant host-country project cooperators and counterparts often diverge and leave the contractor at odds with both parties when monitoring and evaluating project performance. What one client requires in the M&E plan may not necessarily be deemed useful by other clients.

Lack of trust and cooperation among firms and trade associations. Collecting data on firm/industry performance is a challenge in most countries. Firms do not want the details of their production, employment, sales and profit publicized for competitive and tax reasons. Trade associations face the same problem when trying to maintain cluster-level databases on market performance because firms often do not trust the associations to keep the raw, firm-level data confidential, even if the reported data are aggregated across the cluster.

Lack of appreciation of the time lag between interventions and results. Donors are particularly concerned about the timeliness of project results. The "quarterly profit" mentality that has been forced upon businesses by their stockholders in recent years has also increasingly applied to donors by their anxious governments and taxpayers. While the importance of timely measurement of competitiveness intervention results is fully appreciated by project contractors, the nature of the cause-effect chain is much longer than quarterly and even annual reporting cycles. Each major intervention often fails to produce a measurable benefit within the next year. Distributed lag models of durable capital investments typically show only slight response (benefits) within the first two years after the investment, with the cumulative response spread out over 5-10 years, or longer. Competitiveness intervention results are often distributed over longer periods of time than donors are willing or able to fund for project implementation. So, the main results of competitiveness projects will often be realized well after the funded interventions have been completed.

Lack of local expertise in effective M&E practices. While many donors have funded capacity building in data collection and analysis in developing countries, the results have been highly variable. Unfortunately, too many of these efforts have emphasized baseline surveys that collect too much irrelevant data. The result has been that many developing countries still lack the capacity to collect, process and report the types of data and results that are necessary to evaluate the performance of competitiveness interventions.

C.2. A Proposed Competitiveness Monitoring and Evaluation Plan

The ideal competitiveness monitoring and evaluation plan should collect data:

- Over the relevant value chain. The key market performance data are employment, sales, types/numbers of products and types and numbers of firms, over each market level in the value chain, from input suppliers, through producers, processors/distributors/wholesalers, to retailers, exporters and importers. The key institutional development data are the numbers of trade associations and their competitiveness activities, over the relevant value chain. The associations should collect their institutional development and market performance data for their respective segments of the value chain.
- About the relevant reform process. The reform process should be monitored over the relevant value chain, by the relevant government agency, as to the progress in: 1) identifying the policy constraint; 2) formulating the necessary reforms; 3) developing the necessary reform advocacy campaign; 4) implementing the advocacy campaign; 5) enactment of the necessary laws or regulations; and 6) effective implementation of the laws and regulations.
- At a frequency that meets client needs and measures time-related impacts. Most commercial/market performance data should only be collected annually, ideally in the same time period as annual tax reporting. Quarterly reporting is costly, and often too frequent to measure the true trend of an effect.
- Over a time period that measures attitude changes and sustainability. Attitudes of a majority of employees and owners and government decision-makers will rarely change within 2 years after a competitiveness intervention is started. Measuring the results of those changes in attitudes, means waiting for the practices to be carried out often enough to detect a sustainable process. This means that a 4-5 year project should be able to detect changes in attitudes and the implementation of the necessary competitiveness practices, but it will rarely be able to demonstrate sustainability because the main results of the interventions often require 5-10 years to be realized. **USAID would greatly improve its understanding of the competitiveness process and more fully measure the impact of its interventions, which represent investments of hundreds of millions of dollars in foreign assistance, by commissioning comprehensive follow-on assessments of its major competitiveness projects, 3, 5, and even 8-10 years after completion.** For example, PROEXAG/EXITOS was completed in 1996, but there is abundant anecdotal evidence that many of its major interventions are not only still producing results, but at a much higher rate and with a mix of permutations and innovations that could not have been predicted during the project design or implementation phases. Such long-term assessments would undoubtedly reaffirm the wisdom of USAID's original initiatives, but yield additional information on many unintended or unforeseen developments that would both magnify the value of the interventions and reveal many other important lessons on pitfalls to avoid in the future.

Section E – Constraints to Effective Competitiveness Interventions

"Constraints" are barriers to progress that usually can be removed or reduced with resources under the control of the project/agency, etc, whereas, "limits," are more formidable barriers to progress that usually cannot be removed or reduced with resources under the control of the project/agency, and require at least national or international resolution, or acceptance as insoluble. Thus, "cultural," "political," "weather/climate" and "conflict/war" would usually fall in the "limits" category. Most macroeconomic policy issues also have to be relegated to the "limits" category. Such issues as over-valued currencies, balance of payments deficits, inflation, chronic government budget deficits, high interest rates and capital shortages are clearly barriers to competitiveness, but they are outside the influence of most clusters, unless they produce such a significant share of GNP that they can wield significant political influence to address these problems.

Chemonics' experience has revealed four critical constraints to improving a nation's competitiveness. While reduction or elimination of each of these constraints are necessary, they cannot be considered sufficient, for effective competitiveness-building. Inadequate knowledge and attitudes are elements in the KAP approach to the introduction and adoption of competitiveness. With respect to the enabling environment, excessive government control of commerce and inadequate trade policies are the main constraints that have to be reduced or removed if firms are to have the necessary freedom to enter and exit an industry and fully exploit their resources in open, competitive markets.

A. Lack of Knowledge About the Competitiveness Process

Firms and new businessmen operating in the relatively closed economies of most developing countries suffer from a lack of knowledge about the scope and methods of the competitiveness process, including:

- Market information (products, prices, volume, technologies, regulations)
- Business planning (feasibility analysis, cost estimation, marketing strategy)
- Policy reform (identifying constraints, formulating reforms, advocacy campaigning)

B. Lack of "Competitiveness" Attitudes

Equally important with knowledge is the lack of 'competitiveness' attitudes among businesses, trade associations and government trade development agencies in most developing countries. These groups often lack an understanding of how open markets operate, and therefore have ingrained attitudes that are the opposite of what is required to become competitive. Typical negative attitudes are:

- Unwillingness to try new technologies
- Fear of competition from abroad
- Fear of uncertainty about future market conditions

C. Host Government Interference and Control of Commerce

Even if firms know competitiveness best practices and have the attitudes to exploit competitiveness opportunities, they stand little chance of realizing success if the government interferes or controls commerce to the extent that resource mobility and/or entry or exit from a business or industry are severely restricted. In less developed countries, governments too often impose restrictions on commerce through market dominance by parastatals, control of chambers of commerce, and over-reliance on business taxes, particularly trade tariffs, as a relatively easy source of government revenue. While government trade development agencies need to be represented in competitiveness interventions, to identify proper policy enabling roles for the government, these agencies do not have the necessary market-based incentives to make market strategy decisions on behalf of the competitiveness council or cluster.

D. Inadequate Provision of Transportation and Communications Infrastructure

Developing countries typically have inadequate transportation and communications infrastructure, which causes private costs of production and marketing to be uncompetitive. While governments may not be able to fund the necessary infrastructure, this does not have to be an insoluable constraint. Increasingly, these services are being privatized or provided through public-private partnerships under build-operate-transfer (BOT) or build-operate-own (BOO) arrangements with private investors and operators. Clusters have to make local, regional and national governments aware of the impact of these infrastructure constrains on the cost of doing business, and develop advocacy campaigns to resolve the finance issues through public or public-private means.

E. Inappropriate Trade Policies

Firms and industries are often constrained in realizing national competitive potential because of inappropriate trade policies imposed by their governments with the rest of the world[8]. These constraints fall into three broad categories: restrictions on import of productivity-enhancing inputs and technologies; protections against import of competing goods and services; and excessive taxation of exports.

E.1. Restrictions on Import of Productivity-Enhancing Inputs and Technologies

So-called "trade promotion" programs in developing countries are too often focused exclusively on "export promotion". Unfortunately, most of the businesses Chemonics has assisted have been unable to fully exploit their available resources and improved knowledge base because they cannot import crucial production and/or marketing inputs or technologies.

[8] This is not to deny that developing countries are not constrained by unwise trade policies by other countries, particularly developed countries. However, these constraints are usually beyond the scope of any competitiveness technical assistance program, and so they should be viewed as limits that cannot be removed or reduced with project resources. In this case, it behooves the competitiveness project team to focus on a more practical set of restrictions that can be effectively offset with project resources.

E.2. Protections Against Import of Competing Goods and Services

Protective tariffs in developing countries have fallen sharply over the past decade, particularly since the World Trade Organization was created in 1995. However, these tariffs are still at least double or triple the tariff levels in developed countries, and represent a major barrier to trade and competitiveness. Such barriers shield local firms from both the competitive pressures abroad, and access to market information about opportunity costs of their resources.

E.3. Excessive Taxation of Exports

Agricultural have been one of the favorite sources of taxation in developing countries. What the governments often fail to appreciate is that the benefit of collecting this easy tax is more than offset by the resulting trade distortion, which reduces the country's competitiveness.

Annex A – Chemonics' Competitiveness Experiences Summary

CHEMONICS' COMPETITIVENESS INTERVENTIONS: TABLE OF WORLDWIDE EXPERIENCES

Country	Phase	Commencement Date	Termination Date	Local Gov't Sponsor	Donor (FIAS/USAID)	Implementing Organization	Cost	Report Title	CDIE Ref #	Team Members
Central America	1	Oct-86	Sep-91		USAID/ROCAP	Chemonics	$8,180,504	Final Report		John Lamb, Bruce Brower, Ricardo Frohmader, John Guy Smith, Dale Krigsvold, Jose Mondonedo, Jose Oromi
	2	Oct-91	Jan-95		USAID/ROCAP	Chemonics	$7,049,991	Final Report		Bruce Brower, Dale Krigsvold, Jose Mondonedo, Mark Gaskell, William Barbee, Richardo Frohmader
Dominican Republic	1	Sep-98	Dec-01	GODR	USAID/ Dominican Republic	Chemonics	$1,447,180	Competitiveness Is Our Decision: The Develop-ment Of Stra-tegic Markets For The "Horto-frutícula" Cluster		Susanna Mudge, Gordon Bremer, Casey Hanewall, Victoria Taugner, Antonio Rodiguez, Pilar Hache
	2	Jun-01	Jun-03		USAID/ Dominican Republic	Chemonics	$1,370,235			
Egypt		Jun-93	Aug-96	Trade Developme nt Center	USAID/Egypt	Chemonics	$2,999,732			Tony Shiels, Eugene Miller
Jordan		Jan-98	Jan-02		USAID/Jordan	Chemonics	$58,113,139			Steve Wade, Andrew Griminger, Zaki Mousa Ayoubi, Robert Ash, BrianO'Shea, Shrri Rosenow, James Whitaker, Kerri Kristalsky, Jamil El Wheidi, Khus Choksy, Zaki Mousi Ayoubi, Tanna Price, Karen Roland
Mali		Jul-98	Sep-03		USAID/Mali	Chemonics	$15,003,501			Harvey Schartup, Andrew Lambert, Richard Cook, Mohamoud Magassouba, Geoffrey Livingston, Boniface Diallo, Aya Diallo Jhiam, Alice Shultz
Morocco		Jun-92	Jun-00		USAID/ Morocco	Chemonics	$10,085,480			Richard Dreiman, Kenneth Smarzik, Maurice Wiener, Alaedine Tidjani
Nepal		Apr-97	Feb-02		USAID/Nepal	Chemonics	$3,653,761	The Definition and Role of High-Value Commodities in MARD/ Rapti; Lowering the Cost of High-Value Agricultural Commodities		Brahmaram Bhakta Mathema, Shiva K. Chaudhary, Ratna Bhuwan Shrestha, Santosh Acharya, Madan G. Shrestha, Ajaya Bajracharya, Ashok Shah, Rajendra Shahu, Abdur Rauf, Rabindra Shrestha, Shailendra Shrestha , Nil Kantha Sharma, Komal Pradhan, Parvati Shrestha, Jebin Adhikari, Nirmala Ghimire, Larry Morgan, Forrest Walters
Nigeria		Jun-01	Jul-02	GON	USAID/Nigeria	Chemonics	$1,999,972			Robert Craver, Leslie Flagg
Peru		Sep-99	Sep-03	Peruvian Assoc. of Exporters, & Confed. of Private Business Institutions	USAID/Peru	Chemonics	$14,582,000			James Riordan
Philippines		May-92	Mar-96	GOP/Dept of Agr.	USAID/ Philippines	Chemonics	$16,905,962	Final Report		Guia Minguex, Ciosena Ungson, Ramone Clarte, Richard Hirsch, Ricardo Frohmader, Don Taylor, Noemi Avancina, Cesar Virata, Raymund Fabre, Jovita Marasigan, Orlando Magistrado, Delfin Laforteza, Ven Saludo, Ric Bartolome, Adelfo Oviedo, Royden Tungol, Virgina Agcopra

CHEMONICS' COMPETITIVENESS INTERVENTIONS: TABLE OF WORLDWIDE EXPERIENCES

Country	Phase	Commencement Date	Termination Date	Local Gov't Sponsor	Donor (FIAS/USAID)	Implementing Organization	Cost	Report Title	CDIE Ref #	Team Members
Senegal		Nov-99	Nov-04		USAID/ Senegal	Chemonics	$26,463,090			Charles May, Cris Juliard, Sunimal Alles, Anne Petesch-Nesterczuk, Kate Woods, Joseph Ngom, Fatou Diouf, Antionette Coly, Mamata Ba Lo, Ibrahima Diaw, Mouhammadou Ndiaye, Simon Gomis, Massamba Diop, Ousmane Balde, El Hadj Diao, Madeleine Cisse, Awa Gueye, Aissetou Sow, Ameth Seydi, Sidy Ndiaye, Fatou Thiam
Uganda		Feb-95	Feb-04		USAID/Uganda	Chemonics	$30,058,284			Clive Drew, Mark Wood, Steve New, William Kedrock, Donald Breazeale

Annex B – Competitiveness Interventions and Websites

Some of the most prominent competitiveness interventions (donor-funded projects and private sector-funded programs) are listed below by their websites.

1. JE Austin Competitiveness Initiative: Sri Lanka (includes an outline of their methodology)

   http://www.competitiveness.lk/

2. JE Austin Competitiveness Initiative: Bulgaria

   http://www.bg-competitiveness.org/

3. Harvard CID Andean Competitiveness Initiative

   http://www.cid.harvard.edu/andes/Home.htm

4. Council on Competitiveness (US domestic)

   http://www.compete.org/

5. Competitiveness.Com: Spanish/Italian Competitiveness Consulting Firm (Porter Spinoff)

   http://www.competitiveness.com/public/

6. Center for Middle East Competitive Strategy (yet another Porter Spinoff)

   http://www.cmecs.org/cmecs.html

7. The Competitiveness Institute (Barcelona-based, arose from 1997 WB Workshop for Cluster Practitioners, with Porter collaboration)

   http://www.competitiveness.org/home.htm

8. Competitiveness Indicators (Operated by Business Environment Group in the Private Sector Development Department of the World Bank)

   http://wbln0018.worldbank.org/psd/compete.nsf

9. World Competitiveness Yearbook (Produced by IMD, Lusanne; standard international reference on national competitiveness)

   http://www.imd.ch/wcy/

Annex C – Competitiveness e-Library

The CD-ROM accompanying this report contains the following reports:

#	Report	File Name
1	Competitiveness Is Our Decision: The Development Of Strategic Markets For The "Hortofrutícula" Cluster: Dominican Republic Critical Assistance for Economic Reform (phase I) Project, prepared by The Monitor Group.	DR CARE Monitor Report.pdf
2	Final Report: Philippines Agribusiness Systems Assistance Program (ASAP)	ASAP Final Report.pdf and ASAPAnnexes C D F H.pdf
3	Final Report: Central America Non-Traditional Agricultural Export Support (PROEXAG)	PROEXAG Final Report.pdf
4	Final Report: Central America Export Industry Technology Support (EXITOS)	EXITOS Final Report.pdf
5	Technical Report # 17, "The Definition and Role of High-Value Commodities in MARD/Rapti", from Nepal Market Assistance for Rural Development (MARD)	MARD TechRept 17.pdf
6	Technical Report # 41, "Lowering the Cost of High-Value Agricultural Commodities," from Nepal MARD	MARD TechRept 41.pdf

NOTE: The reports above are also available from the *USAID Development Experience Clearinghouse*. When ordering, please refer to the DOCID/ Order Number listed below.

1 PN-ACL-751

2 PD-ABU-694

3 PD-ABU-695

4 PD-ABM-127

5 PN-ACN-652

6 PN-CAN-653